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BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.

OST-96-1116-1

Joint Application of

UNITED AIR LINES, INC.

and

DEUTSCHE LUFTHANSA, A.G.  
(LUFTHANSA GERMAN AIRLINES)

under 49 U.S.C. 41308 and 41309 for  
approval of and antitrust immunity for  
an expanded alliance agreement

Docket OST 96-1116

JOINT APPLICATION OF UNITED AIR LINES, INC.  
AND DEUTSCHE LUFTHANSA, A.G. (LUFTHANSA GERMAN AIRLINES)

Communications with respect to this document should be sent  
to:

WOLFGANG SACHER  
General Counsel  
DEUTSCHE LUFTHANSA, A.G.  
Flughafen Frankfurt  
D-60549 Frankfurt/Main  
Germany  
(011) 49-69-696-91300

STUART I. ORAN  
Executive Vice President  
Corporate Affairs and  
General Counsel  
UNITED AIR LINES, INC.  
P.O. Box 66100  
Chicago, Illinois 60666  
(847) 952-5052

JAMES S. CAMPBELL  
KARAN K. BHATIA  
WILMER, CUTLER & PICKERING  
2445 M Street, N.W.  
Washington, D.C. 20037-1420  
(202) 663-6000

JOEL STEPHEN BURTON  
GINSBURG, FELDMAN and BRESS,  
CHARTERED  
1250 Connecticut Avenue, N.W.  
Suite 800  
Washington, D.C. 20036  
(202) 637-9130

Counsel for  
DEUTSCHE LUFTHANSA, A.G.

Counsel for  
UNITED AIR LINES, INC.

DATED: February 29, 1996

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JOINT APPLICATION OF UNITED AIR LINES, INC.  
AND DEUTSCHE LUFTHANSA, A.G. (LUFTHANSA GERMAN AIRLINES)

United Air Lines, Inc. ("United") and Deutsche Lufthansa A.G. ("Lufthansa"), and their respective affiliates, hereby apply, under 49 U.S.C. 41308 and 41309, for approval of and antitrust immunity for the agreement between the applicants referred to herein as the "Alliance Expansion Agreement". See **Exhibit JA-1**. United and Lufthansa request that antitrust immunity for the Alliance Expansion Agreement be made effective

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<sup>1/</sup> The term "Alliance Expansion Agreement" as used herein means: (1) the agreement entered into by the applicants on January 9, 1996; (2) the agreement entered into by the applicants dated October 3, 1993 ("1993 Agreement") which remains in full force and effect and which the January 9, 1996 agreement incorporates, see Articles 2.1 and 2.4 of the January 9, 1996 agreement; (3) any implementing agreements which the applicants conclude pursuant to the January 9, 1996 agreement in order to develop and carry out the United/Lufthansa alliance ("UA/LH Alliance"), see Articles 2.4 and 5.2 of the January 9, 1996 agreement; and (4) any other agreement or transaction by the applicants pursuant to the foregoing agreements.

no later than April 7, 1996,<sup>2/</sup> and remain in effect for a period of no less than five years.

I. INTRODUCTION

For four traffic seasons, United and Lufthansa have coordinated their transatlantic operations in **ways** specified in their 1993 Agreement. The two carriers code share on the transatlantic services each operates between the U.S. and Germany, on certain behind- and beyond-gateway services, and on certain flights Lufthansa operates between London and Germany.<sup>3/</sup> The parties also participate in each other's frequent flyer programs.

Through their Alliance Expansion Agreement, United and Lufthansa intend to broaden and deepen their cooperation in order to improve the efficiency of their coordinated services, expand the benefits available to the traveling and shipping public, and enhance their ability to compete in the global marketplace. Although United and Lufthansa will continue to be independent companies, the objective of their Alliance Expansion Agreement is to enable the companies to plan and coordinate service over their

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<sup>2/</sup> **See Exhibit JA-1**, January 9, 1996 Agreement, Article 7.1 and Schedule 1 at 2 ("Implementation Date").

<sup>3/</sup> Currently, United and Lufthansa are also code sharing on a blind-sector basis on certain third-country services: United places its code on flights Lufthansa operates from Amsterdam to Frankfurt; Lufthansa places its code on certain flights United operates from London to points in the United States.

respective route networks as if there had been an operational merger between the two firms.

Approval of, and antitrust immunity for, the Alliance Expansion Agreement are supported by the many commercial benefits and efficiencies that will flow from implementation of the agreement and by considerations of U.S. international aviation policy. Approval of, and antitrust immunity for, the Alliance Expansion Agreement are, moreover, entirely consistent with the Federal Transportation Code and Department of Transportation ("Department") precedents.

The Alliance Expansion Agreement will enable United and Lufthansa to offer an enhanced product to consumers while increasing competition in the global marketplace. It will permit the carriers to increase significantly the integration of their route networks thereby enhancing the efficiency of their operations and facilitating seamless transportation service to the public. As a result, the carriers will be able to expand the network synergies achieved, producing expanded on-line connections, service improvements and lower prices.

Among the more significant economies the parties expect to achieve are:

o Service Improvements. A more efficient allocation of resources and an expansion of their joint services through integrated schedule and route planning. This integration will enable United and Lufthansa to

- increase nonstop and connecting services in existing markets served by the UA/LH Alliance and introduce new service in city pairs that neither airline can presently serve on a commercially viable basis;

- provide customers a seamless transportation system that is superior to a system based primarily on code sharing; and

- expand the joint United/Lufthansa network by increasing each airline's access to beyond-gateway points, and thereby increase traffic over transatlantic city pairs.

o Lower Fares. The ability to offer lower joint fares and deeper discounts through integration of yield management, pricing and revenue allocation on cooperative services.

o Better Aircraft Utilization. More efficient utilization and better allocation of the two carriers' combined

aircraft resources, and the acquisition of aircraft better tailored to respond to consumer demand across the carriers' combined route network.

0     Service Consistency.     A better ability to deliver a consistent, on-line product at the lowest possible cost through integrated product and service standardization.

0     Purchasing Economies.     Lower costs due to economies of scale through integration of purchasing functions.

0     Marketing Efficiencies.     A reduction in advertising and sales costs, while expanding consumer awareness of the services the parties offer jointly, through consolidation of sales and marketing activities.

0     Reduced Transaction Costs.     A significant reduction in transaction costs associated with joint United/Lufthansa services and undertakings.

United and Lufthansa could achieve these same efficiencies by entering into a merger or corporate joint venture to operate U.S.-Europe service. Such a merger or joint venture would clearly pass muster under U.S. antitrust law, as it would be essentially an end-to-end "market extension" merger and would



have no more than a de minimis effect on horizontal competition.<sup>4/</sup> However, U.S. and European Union ("EU") laws concerning nationality and ownership effectively preclude mergers of, or corporate joint ventures between, U.S. and EU airlines. United and Lufthansa must thus seek to achieve these efficiencies and economies of scale through contractual agreement.

The implementation of their Alliance Expansion Agreement without immunity will expose United and Lufthansa to unacceptable risks of costly and distracting private antitrust suits by competitors and other private parties. The threat or occurrence of private antitrust litigation, even if ultimately successfully defended on the merits, serves to discourage aggressive, innovative action in the marketplace by parties to a lawful joint venture. Removal of this threat through antitrust immunity is thus regarded by the carriers as an essential condition precedent to implementation of the Alliance Expansion Agreement. See JA-1 at Article 7.1.2.

The grant of antitrust immunity also promises to **advance** the United States' central international aviation policy objective -- the liberalization of the market for international air transportation. With the announcement today that the U.S. and

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<sup>4/</sup> Together United and Lufthansa operate approximately 3,000 daily flights to approximately 400 destinations on five continents; they are nonstop competitors, however, on only two routes. For further discussion, see Section III(C)(2) infra.

Germany have reached a new Open Skies aviation agreement, the Department will soon have in place a critical mass of liberal agreements that provide U.S. carriers open access to nearly 40% of the U.S.-Europe market. An important, clearly intended effect of such agreements is to enable U.S. carriers to achieve efficiencies and service improvements such as those the Alliance Expansion Agreement will generate if implemented. These efficiencies and consumer benefits will place considerable commercial pressure on foreign carriers, such as British Airways and Air France, which have to date been protected from market forces by restrictive bilateral agreements. Only then will the British, French and other European governments be willing to liberalize their outdated, restrictive aviation policies.

Finally, the approval of the Alliance Expansion Agreement and the grant of antitrust immunity thereto are fully consistent with applicable statutory standards. Such approval and immunity are in the public interest and will enhance competition.<sup>5/</sup>

II. THE ALLIANCE EXPANSION AGREEMENT BETWEEN UNITED AND LUFTHANSA WILL BROADEN AND DEEPEN THEIR COMMERCIAL COOPERATION

Pursuant to the 1993 Agreement, United and Lufthansa code share on all of the transatlantic services either operates between the U.S. and Germany. See JA-2. In addition, United

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<sup>5/</sup> For further discussion, see Section III infra.

places its code on flights operated by Lufthansa beyond Frankfurt to eleven points in Germany and nineteen points elsewhere in Europe, the Middle East and Africa (see JA-3); Lufthansa places its code on flights United operates behind United's U.S. hub cities to 45 points in the U.S. and to Mexico City (see JA-4); and United places its code on flights Lufthansa operates between London and Berlin, Cologne, Dusseldorf, Hamburg and Munich that connect to United's London Heathrow services to the U.S.">'

Notwithstanding their broad code-sharing arrangement, other forms of cooperation between United and Lufthansa remain relatively limited.

Code sharing by United and Lufthansa was initially authorized by the Department as consistent with the public interest by Orders 94-4-43 and 94-1-19. In approving the 1993 Agreement, the Department found:

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<sup>6/</sup> United utilizes these code shared services between London and Berlin, Hamburg and Munich to hold out both U.S.-Germany and U.K.-Germany service utilizing fifth-freedom rights available under the Bermuda 2 Agreement with the United Kingdom; the code-shared services between London and Cologne and Dusseldorf operate on a blind-sector basis. In addition as discussed in footnote 3 above, United is currently placing its code on a Lufthansa-operated flight between Amsterdam and Frankfurt and Lufthansa is placing its code on certain United-operated flights from London to points in the United States. Lufthansa also places its code on a limited number of flights United operates beyond U.S. gateways Lufthansa serves that are not United hubs; these flights all operate to points in the U.S. to which Lufthansa also provides code-shared service via one or more United hubs.

[A]pproval of the . . . code-share arrangements will increase the service options to the traveling and shipping public. Several U.S. cities will receive additional or improved service providing them greater access to the Federal Republic of Germany. . . . [T]he [code-sharing] arrangement will enable the carriers to exercise more fully the opportunities under the MOU by facilitating more efficient and economic operations to Germany and the beyond points included in the application.

Order 94-4-43 at 7-8.

The Alliance Expansion Agreement provides a contractual framework for significantly broadening and deepening the commercial cooperation that currently exists between United and Lufthansa, permitting the two airlines to operate, effectively, as a single firm. The essential elements of the Alliance Expansion Agreement include:

1. Route and Schedule Coordination. The carriers agree to conduct joint route and schedule planning throughout their global route networks to the maximum extent feasible. In conducting this joint route and schedule planning, they will seek to maximize the number and quality of traveling and shipping options available to the public without regard for which party is operating the flight, allocate and use the carriers' respective resources and capacities within the UA/LH Alliance network to maximize their productivity, and enhance the carriers' profitability. This will result in a substantial increase in the quality and quantity of seamless on-line services available to passengers and shippers.

2. Marketing, Advertising and Distribution

Integration. The carriers will seek to integrate their marketing, advertising and distribution networks, staffs, programs and systems on a global basis. Specifically, the two carriers plan to market jointly UA/LH Alliance services to travel agents, governments, corporations and other retail customers. They will jointly advertise UA/LH Alliance services worldwide. In certain geographic areas, they may combine their sales forces, act as general sales agents ("GSAs") for each other, coordinate their use of GSAs, and consolidate their global sales administration and planning functions.

3. Co-Branding and Joint Product Development. The

carriers will create new joint products and service options. These new products and services, along with existing products and services offered by either or both parties, will be co-branded. The new UA/LH Alliance will thus offer the traveling and shipping public a "single-product" service at a uniformly high standard throughout the parties' combined route networks.

4. Code Sharing. The carriers will continue to code

share on each other's transatlantic and connecting services, and will seek to expand their code sharing on other services as their global integration proceeds.

5. Pricing, Inventory and Yield Management

Coordination. The carriers will coordinate pricing, inventory and yield management decisions on services in their combined global networks. Specifically, they plan to develop jointly and coordinate fare products and inventory management; prepare bids for corporate, group and government business; and agree upon common auxiliary service charges and standard collection policies, methods and procedures for revenue management.

6. Revenue Sharing. The carriers agree to share net revenues less certain operating costs for scheduled passenger air transportation on certain routes in accordance with specifications and rules to be established jointly.

7. Joint Procurement. Whenever possible, the carriers will procure goods and services together to reduce costs. To this end, they will purchase in greater volume, establish common specifications, share knowledge of pricing data, eliminate redundant purchasing activities in certain geographic areas, and create joint purchasing groups.

8. Support Services. The carriers will continue to cooperate on ground and in-flight passenger and ramp services in their hub airports, and will seek to extend their cooperation on these services to all airports served by the parties worldwide. To this end, for example, the carriers plan to implement joint

training of crews and other personnel and explore joint purchasing opportunities for their catering operations where feasible.

9. Cargo Services. The carriers and their affiliates may seek to integrate their cargo services in any and all applicable key integration areas identified in the Alliance Expansion Agreement. For example, they could seek jointly to develop express cargo products, jointly use cargo facilities and terminals, share revenues, coordinate cargo ground handling and road feeder services, and harmonize standards for their cargo products and services.

10. Information Systems. The carriers plan to consolidate or harmonize existing internal information systems, including those governing inventory, yield management, reservations, ticketing, and distribution. The carriers also plan to develop jointly new information technologies to facilitate compatible ticketing systems and products, distribution channels, flight planning, accounting, maintenance, and such other systems and functions as the parties may identify from time to time. The parties ultimately seek to integrate all their information technology systems as required by the carriers' operational integration. The parties do not intend to coordinate the management of their respective interests in the CRS systems

owned and operated by Galileo International Partnership and AMADEUS Global Travel Distribution, S.A.

11. Frequent Flyer Programs. The parties will continue to coordinate their frequent flyer programs, and may fully integrate these programs.

12. Financial Reporting. To facilitate revenue sharing and to promote easier coordination of yield management, the parties may harmonize their financial reporting practices, including revenue and cost accounting practices.

13. Harmonization of Standards and Quality Assurance. The parties believe that there are substantial benefits to be gained by providing common services of a consistently high standard throughout their two networks. To this end, they shall seek to harmonize their product standards, service levels and in-flight amenities.

Consistent with the parties' goal of achieving a market-extending operational merger, the Alliance Expansion Agreement contemplates a division of responsibilities between the carriers: United thus agrees to operate services for the UA/LH Alliance between points in the United States, while Lufthansa operates services for the UA/LH Alliance between points in



Europe. Both carriers will continue to operate services for the UA/LH Alliance on transatlantic routes.

As noted above, it is a condition precedent of the Alliance Expansion Agreement that the parties be immunized from liability under the antitrust laws pursuant to 49 U.S.C. 41308 and 41309 for all activities provided for in that Agreement. United and Lufthansa will begin the process of implementing the Alliance Expansion Agreement upon the grant of such immunity.

III. THE ALLIANCE EXPANSION AGREEMENT SHOULD BE APPROVED UNDER 49 U.S.C. 41309 AND ANTITRUST IMMUNITY SHOULD BE ACCORDED UNDER 49 U.S.C. 41308

A. The Grant of the Joint Application Will Provide Important Public Benefits That Will Not Otherwise Be Available

The Alliance Expansion Agreement is intended to enable the carriers to develop an integrated global route network built upon a multi-hub operating system. Since deregulation, the majority of U.S. airlines have reorganized their domestic route structures into hub-and-spoke systems in order to respond better to consumer demand for an efficient, on-line, seamless transportation product, reduce costs, and provide lower priced service. U.S. carriers have thereby been able to achieve internally significant economies of scope and scale and to pass those economies on to consumers in the form of lower prices and improved service.

Carriers such as United and Lufthansa now seek to extend the advantages of this model to the international sphere. In so doing, they must overcome regulatory and commercial constraints that effectively preclude any one airline from setting up a global system. The development by a carrier of an international multi-hub network using its own services alone would require not only authority to operate to key hub cities overseas, but the right to operate through and beyond those cities to numerous points, mostly in third countries. To operate such services economically, a carrier also requires the right to carry local traffic from the hub city to points beyond. This type of broad route authority, involving extensive fifth-freedom and cabotage rights, is not obtainable through the bilateral system upon which international air transportation is currently based. In addition, while carriers have been able to build their domestic networks, in part, by acquiring assets from others, the ownership and nationality limitations imposed in civil aviation agreements, the proscriptions on cabotage sanctioned by the Chicago Convention, and the foreign investment laws widely in force around the world, prevent the effective use of mergers, corporate joint ventures, or acquisitions to build global networks. De novo creation of a global multi-hub network would require an investment in equipment, rights, and promotion that is prohibitive.

With essential route rights unavailable; with mergers, corporate joint ventures, and acquisitions not possible; and with the costs of developing a hub system in a foreign country prohibitively high, carriers have turned to code sharing as the most efficient way to begin to develop a global network. Code sharing, however, is wholly insufficient in itself to capture the efficiencies and consumer benefits potentially available from a fully integrated multi-hub system. As clearly shown by the description in Section II above of the applicants' plans for the development of their joint system, the creation of a true global network requires forms of business integration that go far beyond mere code sharing.

The key advantage offered by this new global model is that it enables carriers to offer consumers a seamless, on-line transportation product. Passengers want the ability to travel by air to destinations abroad with the same ease and convenience with which they can place a telephone call or send a fax worldwide. Indeed, the parallel to the telecommunications industry is instructive. A customer seeking to have his or her voice or data transported between points in different countries is able to contract with a single company. Pursuant to that contract, the telecommunications company builds all the connections necessary to provide the consumer with the end product he or she seeks; in so doing, it may have to connect local exchange service to interexchange service, to satellite

linkups, to foreign interexchange service, and to foreign local exchange service. Rather than being forced to build each of these connections him- or herself, the customer is able to rely on a single entity to which he or she can turn with the expectation of high, consistent quality at a competitive price. The telecommunications company is thus effectively able to offer seamless on-line service.

Carriers in the air transport industry are working to develop the integrated global networks that can provide passengers the same type of service. Alliances between international airlines have become key ingredients in building such networks. As the Department noted in its International Policy Statement: "an even larger portion of traffic moving over [international] hub-and-spoke systems . . . require[s] the use of at least two hubs (e.g., a hub in both the U.S. and Europe for passenger moving from an interior U.S. point to a point beyond the European hub)."'

The 1993 Agreement marked the beginning for United and Lufthansa of the development of the type of global multi-hub network that is essential to respond to the demands of consumers

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<sup>2/</sup> U.S. International Aviation Policy Statement, April 1995 at 3 (hereinafter "Policy Statement"). When initially issued, the statement was accompanied by Remarks Prepared for Delivery by Secretary Federico Peña, 50th Anniversary Commemoration, International Civil Aviation Organization, November 1, 1994 (hereinafter "Remarks").

for improved service in the international marketplace. While code sharing is a necessary component of a global network, it alone cannot guarantee integrated worldwide service at a consistently high quality. Such service requires much more creative integration and development of new services and is the goal of the Alliance Expansion Agreement.

B. Approval of and Grant of Antitrust Immunity to the Alliance Expansion Agreement Will Advance U.S. Foreign Policy Objectives

Approving and granting antitrust immunity to the Alliance Expansion Agreement as sought herein would advance U.S. foreign policy objectives in at least two respects: it would effectuate an alliance that is fully consistent with U.S. international aviation policy; and it promises to be a powerful catalyst for the liberalization of other international aviation markets.

1. The Alliance Expansion Agreement Is Fully Consistent With U.S. International Aviation Policy

The International Aviation Policy Statement<sup>8/</sup> recognizes that international alliances and code sharing are important and innovative competitive tools that produce benefits for carriers, passengers, communities, and the U.S. economy as a whole:

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<sup>8/</sup> See footnote 7 *supra*.

Increased international code-sharing and other cooperative arrangements can benefit consumers by increasing international service options and enhancing competition between carriers, particularly for traffic to or from cities behind major gateways. By stimulating traffic, the increased competition and service options should expand the overall international market and increase overall opportunities for the aviation industry....

Policy Statement at 4. In remarks issued by Secretary Peña to accompany the release of the Policy Statement, the Secretary emphasized that code-sharing alliances are "designed to create truly 'global' networks able to meet what has become truly 'global' demand." Remarks at 4.

A broadening and deepening of the alliance between United and Lufthansa is fully consistent with the Policy Statement, which commits the Department to facilitate the globalization and networking of air transportation. As Secretary Peia noted in his remarks, "[t]he process of globalization -- a phenomenon we have seen in telecommunications, banking and many other industries -- is now well underway in the world's airline industry." Id. The Secretary further noted that the Policy Statement "places the power of the United States Government firmly behind the movement to . . . increased international traffic and the growth of global networks." Id. at 6. The Secretary reiterated the government's support for globalization in an appearance before the Senate Commerce Committee in July of 1995, when he testified that "[o]ur policy statement recognized that

the trend towards globalization of air services through efficiency-enhancing networks and alliances is here to stay, and that this development offers great public benefits for all nations. "<sup>9/</sup>

The conclusions of Secretary Peña are echoed by the General Accounting Office, which noted in its report on airline alliances:<sup>10/</sup>

In the long run, consumers could pay lower fares, according to many U.S. and foreign airline representatives, **as (1)** airlines in alliances integrate further and achieve cost efficiencies that could be passed on to the consumer and **(2)** competition increases among alliances and between alliances and other airlines.

The Alliance Expansion Agreement is fully consistent with these pro-alliance policies. As contemplated by the Secretary and the GAO, the UA/LH Alliance will increase international service options, create a truly global network, and benefit consumers as the airlines achieve otherwise unattainable efficiencies.

2. The Grant of Antitrust Immunity Is a Powerful Inducement for Liberalization of  
International Aviation

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<sup>9/</sup> Statement of Secretary Peña before the Senate Commerce Committee on July 11, 1995 (hereinafter, "Congressional Statement").

<sup>10/</sup> Report at 44-45.

Protection from costly, vexatious private antitrust litigation is an important inducement to airlines to accept the benefits and burdens of an open competitive environment. Such protection is available only to carriers operating in an Open Skies regime. Antitrust immunity is thus a key negotiating tool available to the Department to encourage foreign governments to agree to Open Skies regimes and thereby remove restrictions on access to their international markets by U.S. airlines.

The Department explicitly recognized as much when it decided to grant antitrust immunity to the alliance agreement between KLM and Northwest:

[W]e would expect that our willingness to take such action [granting antitrust immunity] might well encourage other countries to seek liberal aviation arrangements with the United States . . . so that comparable opportunities may become available to other U.S. carriers.

Order 92-11-27 at 14. As the Department expected, a number of countries in Europe have responded to the KLM/Northwest alliance by agreeing to open their aviation markets to unfettered competition.

In reaching these agreements, most of the countries concerned expressed an expectation that, by providing the opportunity for open entry into their international markets



by U.S.-designated airlines, the U.S. will reciprocate by making it possible for their national carriers to enter into alliances with U.S. airlines that will enjoy the same protection from costly U.S. antitrust lawsuits as the KLM/Northwest alliance.<sup>11/</sup> Thus, the Memorandum of Consultations ("MOC") signed March 4, 1995, by representatives of the U.S. and Belgium states that:

The Belgian delegation expressed . . . the importance of providing for sympathetic and expeditious consideration to requests for antitrust immunity for operational and commercial cooperation and integration between airlines of Belgium and the United States on no less favorable terms than the language contained in the U.S.-Dutch Agreement.

Memorandum of Consultations dated September 4, 1992. The MOC signed on March 8, 1995, by representatives of the U.S. and Austria contains a similar statement of the importance the Austrian government attached to antitrust immunity. A comparable statement is also included in the MOC signed on April 26, 1995, by the U.S., Denmark, Norway and Sweden.

With the entry into force of the new Open Skies aviation agreement with Germany, the Department will have in place the critical mass of agreements needed to achieve its objective. With a population of over 80 million, Germany has the largest economy in the European Union; U.S.-Germany air travel

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<sup>11/</sup> In its report on international alliances, the GAO pointed out that the Department's decision to grant antitrust immunity to the Northwest/KLM alliance "implied a favorable treatment of future applications by other U.S. airlines and foreign airlines in exchange for liberal aviation accords." Report at 52.

represents approximately one-fifth of the total air travel between the U.S. and the member states of the European Union,<sup>12/</sup> making U.S. -Germany the second largest U.S.-Europe air travel market. An Open Skies agreement with Germany will end the frequency limitations presently in effect and permit, as early as this summer's peak travel season, all carriers serving Germany to plan, schedule and price their services based solely on marketplace considerations. In addition, all U.S. carriers serving Germany will be free to expand their use of third-country and other code-sharing arrangements to provide service to and beyond Germany.<sup>13/</sup> Coupled with the Open Skies agreements the U.S. signed in 1995, an Open Skies agreement with Germany ensures that nearly 40 percent of U.S. -EU air travelers will enjoy the benefits of open market entry and free competition.

Open Skies with Germany, coupled with a fully implemented Alliance Expansion Agreement, will provide a significant commercial incentive to other European nations to reach liberal, open-entry bilateral agreements with the United States. The commercial benefits and efficiencies accruing from

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<sup>12/</sup> Source: U.S. Department of Transportation, International Air Passenger and Freight Statistics, Calendar Year 1994.

<sup>13/</sup> American, for example, currently offers code-shared service to Germany in conjunction with British Midland via London Heathrow, Delta offers code-shared service to Germany in conjunction with Sabena via Brussels, and Northwest/KLM provide code-shared service via Amsterdam with antitrust immunity. Northwest also code shares beyond Amsterdam to Germany with Eurowings, a German carrier.

the Alliance Expansion Agreement will enable United and Lufthansa to increase their competitiveness, placing additional commercial pressure on rival European carriers and carrier alliances. As recognized by Senator Pressler,<sup>14/</sup> it is this commercial pressure, coupled with the critical mass of pro-competitive agreements, that will ultimately cause the British, French and other restrictive European governments to liberalize their aviation policies. This type of pressure can only be created by a liberal agreement with a country **as** large as Germany and an international alliance as competitive as United/Lufthansa.

C. Approval of the Alliance Expansion Agreement and the Grant of Antitrust Immunity Is Consistent With the Transportation Code

Section 41309(b) of the recodified Transportation Code provides that the Department "shall approve an agreement . . . when the Secretary finds it is not adverse to the public interest and

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<sup>14/</sup> "Liberalization of air service markets on the European continent have created new connecting service options. Evidence already clearly shows connecting traffic is being diverted away from London. Statistics dramatically illustrate this point. Between 1992 and 1994, connecting traffic carried on U.S. airlines grew just 3 percent at Heathrow. During the same period, U.S. connecting traffic grew 24 percent at Frankfurt and an astounding 329 percent at Schiphol. An open skies agreement with Germany will greatly accelerate the rate of this connecting passenger diversion." Remarks of Senator Larry Pressler, Chairman of the Senate Committee on Commerce, Science, and Transportation, International Aviation Club of Washington, D.C., February 14, 1996 at 5.

is not in violation of this part."<sup>15/</sup> The Alliance Expansion Agreement will lead to increased service, enhanced competition, and other significant consumer benefits, and will further the objectives of U.S. international aviation policy. Therefore, under the standard set forth in Section 41309(b), there can be no question about whether the agreement should be approved.

Under 49 U.S.C. 41308, the Department is authorized to grant an exemption from the antitrust laws to permit persons to proceed with agreements approved under Section 41309, when the Department finds that such an exemption is required by the public interest. The Department's established policy is to grant antitrust immunity to agreements that it finds will not substantially reduce or eliminate competition, if it concludes that antitrust immunity is required in the public interest and the parties will not proceed with the transaction absent antitrust immunity. See Order 92-11-27 at 18; Order 83-1-11 at 11. As Secretary Peña has explained, the central inquiry is whether "the overall net effect of . . . [the] transaction . . . is pro-competitive and pro-consumer."<sup>16/</sup>

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<sup>15/</sup> The Code further provides that the Department shall disapprove an agreement that "substantially reduces or eliminates competition unless the Secretary finds that . . . the agreement . . . is necessary to meet a serious transportation need or to achieve important public benefits (including international comity and foreign policy considerations) [,] and . . . the transportation need . . . or . . . benefits cannot be achieved by reasonably available alternatives that are materially less anticompetitive...." 49 U.S.C. 41309(b) (1)(A) and (B).

<sup>16/</sup> Congressional Statement at 13-14.

1. The Grant of Antitrust Immunity for the Alliance Expansion Agreement Is Consistent With the Public Interest and the Department's Precedents

Granting antitrust immunity to the UA/LH Alliance is in the public interest. As explained above, the Alliance Expansion Agreement will enable United and Lufthansa to expand the synergies available from linking their route networks, increase the availability of seamless, online services through network-to-network combinations, achieve economies of scale, lower prices, and increase competition. These benefits will produce lower costs and enable United and Lufthansa to serve thousands of city pairs more efficiently and compete more effectively against other carrier networks and carriers operating transatlantic services, thereby providing the public with increased service options at lower prices. Moreover, granting antitrust immunity to the Alliance Expansion Agreement is fully consistent with and would enhance the United States' international aviation goals.

The objectives of the Alliance Expansion Agreement are the same as those of the KLM/Northwest Commercial Cooperation and Integration Agreement, which the Department approved and immunized in 1993 and which forms the basis of the KLM/Northwest alliance. In granting antitrust immunity to the KLM/Northwest alliance, the Department concluded that the alliance would be pro-competitive (even though there were overlapping city pairs in which KLM and Northwest competed) and that antitrust immunity

would provide efficiencies and "should promote competition by furthering our efforts to obtain less restrictive aviation agreements with other European countries." Order 93-1-11 at 11-12. The same conclusion applies with at least equal force here.

2. Implementation of the Alliance Expansion Agreement  
Will Not Substantially Reduce or Eliminate  
Competition in Air Services

In deciding whether an agreement will substantially reduce or eliminate competition, the Department's practice is to employ the same standards used to determine whether a transaction would violate the antitrust laws. In approving the alliance agreement between Northwest and KLM, the Department found that, because the agreement was intended to permit the carriers' operations to be integrated as if they were a single firm, the competitive effects of the agreement were equivalent to a merger and should be assessed using the standards of Section 7 of the Clayton Act.<sup>17/</sup> As **was** the case in KLM/Northwest, the Alliance Expansion Agreement "is intended to ... [facilitate the integration of] the two carriers' operations so that they will operate as if they were a single carrier." Order 92-11-27 at 13. The Department should, therefore, apply

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<sup>17/</sup> See Order 92-11-27 at 13: "In determining whether the proposed transaction would violate the antitrust laws, we will apply the standard Clayton Act test used in examining whether mergers will substantially reduce competition in any relevant market."

the same standard to its review of the Alliance Expansion Agreement that it applied to the KLM/Northwest agreement.

In determining the likely competitive effects of the KLM/Northwest agreement, the Department concluded that there were three relevant markets: the U.S.-Europe market, the U.S.-Netherlands market, and the Detroit- and Minneapolis/St. Paul-Amsterdam markets, the only city pairs in which Northwest and KLM both offered nonstop service. Id. at 14. The comparable markets for the UA/LH Alliance are analyzed in turn below.

a. There Will Not Be a Substantial Reduction in Competition in Air Services Between the U.S. and Europe

Virtually all U.S. carriers providing transatlantic service operate to multiple destinations in Europe from one or more hubs in the United States.<sup>18/</sup> Most also operate service beyond one or more of their European gateways to other points in Europe, typically but not exclusively through code-sharing relationships. Most European-based airlines operating transatlantic service serve multiple gateways in the United States from a hub in their homeland, allowing them to provide single-carrier service from numerous spoke cities behind

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<sup>18/</sup> **See Exhibit JA-5**, which illustrates the transatlantic networks of American, British Airways/USAir, Continental/Alitalia, Delta and its alliance partners, and KLM/Northwest, which are among the larger transatlantic competitors, and United and Lufthansa.

their homeland hub to the United States. Many European airlines also provide on-line connecting service beyond their U.S. gateways through code-sharing relationships with U.S. airlines.

Thus, most U.S. and European carriers providing U.S. -Europe service have a hub at one end of virtually all of their transatlantic routes and are able to support their transatlantic service with code-sharing relationships at the other end. As such, virtually every transatlantic city pair in which on-line service is available is served by numerous carriers and carrier alliances with nonstop, one-stop, or on-line connecting service.

Both United and Lufthansa have relatively modest shares of currently available transatlantic capacity. Based on schedules published for the week of February 1, United has an 8% share of transatlantic frequencies and Lufthansa a 6% share. See Exhibit JA-6. Measured by available seats, the carriers' respective shares are 7.5% and 6.3%. Id. United/Lufthansa combined would have a smaller market share based on nonstop frequencies than American Airlines, and a smaller share than British Airways based on seat capacity. Certainly, the increase in market share that would result from a combination of United and Lufthansa would not give the carriers an ability to raise prices or restrict output for air services between the United States and Europe.



Under the Merger Guidelines used by the Department of Justice and the Federal Trade Commission, and, most importantly for instant purposes, the Department in its analysis in KLM/Northwest, the Herfindahl-Hirshman Index ("HHI") for the current U.S.-Europe market is 759 based on frequencies and 739 based on seats. Exhibit JA-6. After implementation of a United/Lufthansa operational merger the HHI index would be 855 based on frequencies and 834 based on seats. Under the Department of Justice/FTC Merger Guidelines, a market with an HHI below 1,000 is generally considered to be unconcentrated. In such a market, the guidelines provide that a merger is unlikely to have adverse competitive effects. Guidelines, Section 1.51; see Order 92-11-27 at 15. On the contrary, the proposed integration of United and Lufthansa will enable the carriers to become more efficient, enhancing competition between the UA/LH Alliance, on the one hand, and other alliances and carriers offering U.S. -Europe service on the other.

- b. There Will Not Be a Substantial Reduction in Competition in Air Services Between The U.S. and Germany

In approving the KLM/Northwest alliance, the Department also reviewed the likely effects of the alliance on competition in U.S. -Netherlands air services. Even though KLM held the leading position in the market, the Department concluded that the proposed integration would not enable the applicants to

charge supra-competitive prices or reduce service below competitive levels. See Order 92-11-27 at 15.

As the Department explained:

Even if a merger creates a firm with a dominant market share, the merger would not substantially reduce competition if other firms have the ability to enter the market within a reasonable time if the merged firms charge supra-competitive prices. Despite the dominant position of KLM in the U.S.-Netherlands market, we see no barriers to entry by other carriers in that market. Two U.S. carriers besides Northwest are currently serving the Netherlands . . . In addition, United has announced plans to begin serving Amsterdam next year . . . [and] American has asked **us** to **amend** its certificate authority so that it may serve Amsterdam as well. The applicants represent that Amsterdam's Schiphol Airport has no capacity restrictions or shortage of facilities. Because of the Open Skies accord, **any** U.S. carrier may serve the Netherlands from any point in the United States. As a result, other carriers have the opportunity and ability to enter the U.S.-Netherlands market and to increase their service if the applicants try to raise prices above competitive levels (or lower the quality of service below competitive levels).

Id.

In the instant case, six U.S. carriers (in addition to the two applicants), not two as in KLM/Northwest, are currently operating nonstop service between the U.S. and the European country. Moreover, unlike KLM/Northwest, a second independent German carrier, LTU, currently operates nonstop service between the U.S. and Germany.<sup>19/</sup> Such service is also offered by a number of fifth-freedom carriers, including Pakistan

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<sup>19/</sup> In addition, there are two other German carriers -- Deutsche BA and Eurowings -- available for code-share service with U.S. carriers.

International Airlines, Singapore Airlines, Kuwait Airways, Air New Zealand, and Gulf Air. Thus, competition in air services between the U.S. and Germany is far more robust than it was between the U.S. and the Netherlands at the time the Department granted antitrust immunity to KLM and Northwest.

Moreover, with the completion of an Open Skies agreement between Germany and the U.S., any U.S. carrier will be free to serve any point in Germany from any point in the United States. Upon the entry into force of the new aviation agreement, other carriers will have unlimited opportunities to enter the market if United and Lufthansa were to attempt to raise fares or reduce service. In short, if, under the circumstances extant in the U.S.-Netherlands market, the integration of Northwest and KLM did not "enable the applicants to charge supra-competitive prices or to reduce service below competitive levels," the integration of United and Lufthansa cannot be found to substantially reduce competition in a U.S.-Germany air services market. Id. at 15.

C. There Will Not Be a Substantial Reduction in Competition in Air Services in Any City Pair

In KLM/Northwest, the Department expressed concern over the alliance's effect on competition in the market for transportation between the two city pairs in which both KLM and Northwest offered service -- Minneapolis/St. Paul-Amsterdam

and Detroit-Amsterdam. KLM and Northwest were the only carriers offering nonstop or single-plane service in those two markets. The Department nonetheless concluded that the pro-competitive advantages of that integration outweighed the possible loss of competition. Id. at 16.

There are several reasons that the nonstop routes served by both carriers should be of even less concern in the instant application. First, as in KLM/Northwest, there are only two city pairs where United and Lufthansa both operate nonstop service: Chicago-Frankfurt and Washington-Frankfurt. Unlike KLM/Northwest, however, in each case another carrier provides an alternative nonstop service on the route in competition with United and Lufthansa. The Chicago-Frankfurt route is served nonstop by American Airlines, which has a hub and its principal international gateway at O'Hare. The Washington-Frankfurt route is served nonstop by Delta Air Lines, which has a hub at Frankfurt.

Second, the number of carriers offering one-stop and online connecting service in these city pairs, which the Department acknowledged in KLM/Northwest disciplines the fares charged by the nonstop carriers, is substantially greater than it **was** in the U.S.-Netherlands city pairs at issue in KLM/Northwest. See Order 92-11-27 at 16. Carriers offering one-stop on-line connections between Chicago and Frankfurt include Air Canada,

Alitalia, British Airways, Continental Airlines, Delta, KLM, Northwest, Sabena, SAS, Swissair, Trans World Airlines and USAir. Between Washington and Frankfurt one-stop on-line connections are offered by Air Canada, Air France, British Airways, Continental Airlines, KLM, Trans World Airlines and USAir.<sup>20/</sup>

Finally, as noted above, under an Open Skies regime there will be no restrictions on entry or expansion in the U.S.-Germany market. Regulatory barriers will no longer exist to prohibit any U.S. or German carrier from commencing, or adding to, nonstop service between Chicago or Washington and Frankfurt. The absence of legal barriers to entry or expansion thus should further encourage the competitive performance of these markets and alleviate any remaining Departmental concern.

3. United and Lufthansa Will Not Proceed With the Alliance Expansion Agreement Without Antitrust Immunity

Under existing precedent, the Department does not grant antitrust immunity to agreements that would not violate the antitrust laws unless the parties will not implement the agreement without immunity. See Order 92-11-27 (KLM/Northwest). United and Lufthansa cannot and will not carry out the panoply of joint activities contemplated by their Alliance Expansion

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<sup>20/</sup> The plethora of service alternatives currently available in these two city pairs is shown in Exhibits JA-7 and JA-8.

Agreement without antitrust immunity protection against the threat of costly private antitrust litigation.

Among other things, the Alliance Expansion Agreement contemplates joint sales and marketing activities, scheduling coordination, and integration of route networks, including routes on which the carriers are actual competitors. Even though these arrangements will expand service and achieve merger-type efficiencies that cannot be achieved otherwise, without antitrust immunity there will be, as noted above, the continuing risk that the parties' activities will be challenged in U.S. legal proceedings by competitors or others. This threat will chill aggressive expansion of the Alliance, impede the integration of the parties' transatlantic operations, and reduce its benefits to the traveling and shipping public. As the GAO Report notes:

[DOT and DOJ] officials stated that they believed the key benefit of immunity [in the Northwest-KLM case] is the protection from legal challenge by other airlines, thereby allowing Northwest and KLM to more closely integrate their operations and marketing than they otherwise would for fear of legal reprisal.

Report at 30.

#### IV. OTHER APPROVAL ISSUES

##### A. CRS

Consistent with the Department's decision in KLM/Northwest, United and Lufthansa do not request antitrust

immunity relating to the management of their interests in the Apollo and Amadeus CRS systems. The Alliance Expansion Agreement specifically excludes from the activities the parties intend to coordinate "the management of their respective interests in the CRS systems owned and operated by Galileo International Partnership and Amadeus Global Travel Distribution, S.A." Article 4.10.

The parties do, however, intend to harmonize their information systems, resources and functions, including their internal reservations systems, inventory and yield management systems, and other distribution and operational systems. In Northwest/KLM, the immunity granted the applicants expressly extended to coordinating the presentation and sale of Northwest's and KLM's services in CRS systems and the operation of their internal reservations systems. Order 93-1-11 at 15. In this regard, the Department concluded that Northwest and KLM "will need the ability to cooperate on the display of their services in CRSs and to integrate such operations as yield management and schedule coordination...." Id. at 15-16. The same conclusion applies with equal force here.

B. Duration of Approval

United and Lufthansa urge that the Department grant the requested approval and immunity for at least a five-year term, consistent with the duration of approvals granted by the

Department to KLM/Northwest in Order 93-l-11 and Order 92-11-27. As the Department concluded in KLM/Northwest, "a shorter term may not allow the full effect of the implementation of the Agreement to become apparent. Furthermore, Section 414 [now 49 U.S.C. 413081 does not require us to review the implementation of the Agreement within a shorter period of time." Order 93-I-11, p. 16.

V. RESPONSE TO REQUEST FOR ADDITIONAL INFORMATION

In conjunction with the joint application filed by Delta Air Lines and three of its European code-sharing partners for antitrust immunity, the Department requested the applicants to provide certain additional information. Order 95-9-27. When American and Canadian filed their joint application for antitrust immunity, they included this information with their application. In order to enable the Department to act expeditiously on this application, United and Lufthansa **are** submitting the following information, which is comparable to that requested from Delta **and** its partners.

- A. **Provide all United and Lufthansa corporate documents (in English or with English translations) dated within the last two years that address competition in the U.S.-Germany market.**

United and Lufthansa will separately file the requested documents, accompanied by motions for confidential treatment under Rule 39.



- B. Provide all United and Lufthansa studies, surveys, analyses and reports (in English or with English translations) dated within the last two years, which were prepared by or for any officer(s) or director(s) (or individual(s) exercising similar functions) for the purpose of evaluating or analyzing the proposed enhanced alliance with respect to market shares, competition, competitors, markets, potential for traffic growth or expansion into geographic markets, and indicate (if not contained in the document itself) the date of preparation, the name and title of each individual who prepared each such document.

United and Lufthansa will separately file the requested documents, accompanied by a Motion for Confidential treatment under Rule 39.

- C. Describe separately United's and Lufthansa's strategic objectives in forming the Alliance Expansion Agreement.

United: United is entering into the Alliance Expansion Agreement because a code-sharing relationship alone with Lufthansa is insufficient to capture all of the efficiencies and consumer benefits potentially realizable from a fully integrated global route network. With antitrust immunity, United and Lufthansa will be able to plan and coordinate service over their respective route networks as if they were a single firm. With this planning and coordination, United expects to lower its costs, expand the number of international city pairs in which it is able to hold out service under its "UA" designator code, operate at higher load factors than it would otherwise, and improve its ability to compete against other carriers and carrier alliances operating in the global marketplace.

Lufthansa: Lufthansa's objectives in forming a closer alliance with United are (i) to create the necessary basis for effective competition with other global alliances (e.g., KL/NW, BA/US, DL/SR/SN/OS); and (ii) to create a seamless air transportation system throughout the UA/LH Alliance system.

**D. Describe the impact that implementation of the Alliance Expansion Agreement would have on United's operating revenue and operating and net profit and loss results.**

United expects that implementation of the Alliance Expansion Agreement will have a positive effect on its operating revenue and its operating and net profit and loss results. Even though United anticipates that integrating pricing and yield management functions on services operated jointly with Lufthansa will open opportunities for introduction of lower promotional fares and help to ensure that passengers have a greater opportunity to purchase promotionally priced seats, it expects its operating revenues will rise. This is because United expects that revenues from newly generated passengers will more than offset any diminution in yield from lower fares or increased carriage of discount traffic. United also expects its operating and net earnings will improve because it will be able to operate its joint services with Lufthansa more efficiently. With operating revenues rising and costs either falling or rising less rapidly than otherwise, United expects its operating results to improve.

**E. Provide forecasts and data concerning traffic diversion from U.S.-flag carriers as a result of approval of the application.**

Neither United nor Lufthansa has prepared any forecasts of or have any data about likely traffic diversion from U.S.-flag carriers **as** a result of the approval of this application. Moreover, because United and Lufthansa do not yet know the city pairs in which they will add service if granted antitrust immunity, there is no way a reliable forecast of potential diversion could be prepared. In any event, United and Lufthansa question whether diversion will, in fact, occur or whether, if it did, the Department should be concerned.

Although United and Lufthansa expect to expand their joint services if granted antitrust immunity, there is no reason to assume that this expansion will cause traffic to be diverted from other U.S. carriers. In most cases, United and Lufthansa expect that the new joint services they will offer will represent a significant improvement over currently available service. Historical experience shows that improvements in service stimulate new demand, increasing the business available to all market participants. With an overall increase in demand, other carriers serving these markets will suffer traffic diversion only if they fail to respond to the improved service offered by United/Lufthansa. Because other carriers and carrier alliances can respond to any service improvements United and Lufthansa

make, and thereby avoid having traffic diverted, there is no reason for the Department to be concerned about diversion.

- F. Discuss whether and to what extent a grant of this application would or should affect United's or Lufthansa's participation in IATA, especially price coordination.**

Carriers in alliances, both with and without antitrust immunity, participate in IATA. To the extent that this remains the case, and subject to review in the event of a change in Departmental policy, a grant of this application should not affect the participation of United and Lufthansa in IATA.

- G. Provide O&D traffic for the most recent 12-month period available for Lufthansa's top 100 markets with a U.S. gateway as origin or destination.**

Lufthansa will file the requested information separately, accompanied by a motion for confidential treatment under Rule 39.

- H. Provide an analysis of the effect on international and U.S. domestic competition of the proposed closer arrangements between United and Lufthansa.**

Closer cooperation between United and Lufthansa should increase both international and U.S. domestic competition. Internationally, United and Lufthansa anticipate that closer cooperation will enable them to improve the efficiency of their joint services, add new routes, improve on-board service, lower

prices, and expand the availability of discount fares. As a result, United/Lufthansa expect to become more effective global competitors. To keep pace, other carriers and carrier alliances will have to take steps to respond to the new services, products, and prices made available by United/Lufthansa, thus ensuring a more competitive international marketplace and significantly benefitting consumers.

In addition, closer cooperation between United and Lufthansa will place increased commercial pressure on many European airlines. This commercial pressure may, ultimately, lead the British and French governments, for example, to open their aviation markets so that their carriers will have comparable opportunities to utilize alliances with U.S. airlines in building global route networks. As these markets are opened to increased competition, the global marketplace will become more competitive.

In the U.S. domestic market, United anticipates that closer cooperation with Lufthansa will enable it to use its resources more productively and to lower its costs, strengthening United as a domestic as well as an international competitor. As United becomes a more efficient domestic competitor, other carriers will have to increase the efficiency of their domestic systems in order to remain competitive. An increase in the

efficiency of carriers' domestic networks necessarily increases the competitiveness of the domestic marketplace.

- I. **Describe the extent to which airport facilities, including gates and slots, are available to U.S. flag carriers who want to begin or increase service at cities served by Lufthansa and United (i.e., Cologne/Bonn, Hanover, Hamburg, Berlin, Munich, Stuttgart, Dusseldorf and Frankfurt).**

Cologne/Bonn, Hanover, Hamburg, and Berlin-Schoenefeld airports are not affected by shortages of gates, slots or other facilities, and U.S. carriers seeking to commence service to these airports should be able to do so. Similarly, slots, gates and other facilities are available at Berlin-Tegel, Munich and Stuttgart for U.S. carriers seeking to commence or expand service, although (as at numerous airports in the U.S. and elsewhere) congestion during peak hours may require some flexibility in carriers' schedules.

German environmental and land use laws have dictated an absolute reduction in operations at Dusseldorf Airport, resulting in all carriers, including Lufthansa, being required to cut back operations at Dusseldorf. Nonetheless, the Parties understand that Dusseldorf Airport officials seek to increase intercontinental service and would seek to accommodate carriers seeking to commence or expand service from the United States.

While Frankfurt Airport does not suffer from any shortage of gates or other similar facilities, it is affected by a shortage of slots during parts of the day. Available slots are allocated by an independent federal slot coordinator, applying strict criteria established in mandatory EU legislation. The airport authority has launched a program to increase the number of slots available by one take-off and one landing per hour each year for the next five years. This program, combined with the continuing availability of slots at certain times, should ensure that U.S. carriers seeking to commence or expand operations to Frankfurt will be able to do so. In this regard, it should be noted that the Parties **are** unaware of any case where a U.S. carrier seeking to begin or increase service at Frankfurt has been denied slots for that service.

**J. Discuss significant service and equipment changes anticipated by United and Lufthansa and the integration of United's domestic route system with Lufthansa's international route system.**

Over time, the parties anticipate expanding the number of international city pairs in which they provide joint service. In addition, they expect that the integration of their route systems into a global network not only will expand the number of city pairs in which they offer on-line service but also will improve the quality of the service as discussed above. This, in turn, should stimulate demand over their integrated network, increasing load factors and leading, ultimately, to the

acquisition of more and larger capacity aircraft than would be required without integration. However, the timing of such new aircraft acquisitions cannot be known at this time.

United and Lufthansa have already taken steps through their code-sharing alliance to integrate United's domestic route network with Lufthansa's international system. With increased cooperation, the parties anticipate operating this integrated network more efficiently.

**K. Describe any effect of granting this application on United's Civil Reserve Air Fleet (CRAF) commitments.**

Granting this application should have no effect on United's CRAF commitments.

**L. Discuss any labor effects of the UA/LH Alliance and whether, how and to what extent employees of United and Lufthansa will be integrated, along with a discussion of whether the transaction or a similar type of transaction had been the subject of collective bargaining discussions between United and its unions, and a discussion of whether both union and non-union employees adversely affected by the alliance would be compensated or otherwise protected.**

The transaction raises no significant labor issues. There will be no integration of employees resulting from the application. United and Lufthansa remain independent, with neither having the ability to control the other. Unionized employees at both companies will continue to be represented by their respective unions. The United/Lufthansa code-sharing

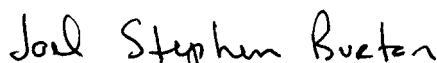


arrangements have been the subject of recent discussions between United and the Air Line Pilots Association (ALPA), and the company and the ALPA have an agreement on this subject which contemplates that United will continue its relationship with Lufthansa. United does not anticipate that the transaction will have adverse effect upon its unionized or non-unionized employees. On the contrary, United believes that the long-term impact of the transaction will be positive for the job security and advancement of existing employees and for new job creation.

#### CONCLUSION

For the foregoing reasons, United and Lufthansa request that the Department approve the Alliance Expansion Agreement under 49 U.S.C. 41309 and exempt United and Lufthansa and their respective affiliates from the antitrust laws pursuant to 49 U.S.C. 41308, for a period of no less than five years in duration, to allow the applicants to proceed with the Alliance Expansion Agreement.

Respectfully submitted,



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JOEL STEPHEN BURTON  
GINSBURG, FELDMAN and BRESS,  
CHARTERED  
1250 Connecticut Avenue, N.W.  
Suite 800  
Washington, D.C. 20036  
(202) 637-9130

Counsel for  
UNITED AIR LINES, INC.

James S. Campbell

JAMES S. CAMPBELL  
KARAN K. BHATIA  
WILMER, CUTLER & PICKERING  
2445 M Street, N.W.  
Washington, D.C. 20037-1420  
(202) 663-6000

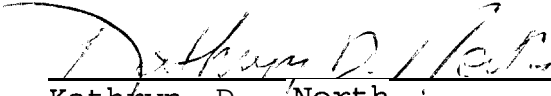
Counsel for  
DEUTSCHE LUFTHANSA, A.G

**DATED: February 29, 1996**

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**CERTIFICATE OF SERVICE**

I hereby certify that I have this date served a copy of the foregoing Joint Application of United Air Lines, Inc. And Deutsche Lufthansa, A.G. (Lufthansa German Airlines) on all persons named on the attached service list by causing a copy to be sent via first class mail, postage prepaid.

  
Kathryn D. North

**DATED: February 29, 1996**

SERVICE LIST

Roger W. Fones  
Chief, Transportation, Energy  
& Agriculture Section  
Antitrust Division  
U.S. Department of Justice  
Room 9 104, Judiciary Center Building  
555 Fourth Street, N.W.  
Washington, D.C. 20001

Carl B. Nelson, Jr.  
Associate General Counsel  
American Airlines, Inc.  
1101 17th Street, N.W., Suite 600  
Washington, D.C. 20036

Nathaniel P. Breed, Jr.  
Shaw, **Pittman**, Potts &  
Trowbridge  
2300 N Street, N.W.  
Washington, D.C. 20037

Richard D. Mathias  
Frank Costello  
Cathleen P. Peterson  
Zuckert, **Scoutt &** Rasenberger  
888 17th Street, N.W., Suite 600  
Washington, D.C. 20006

Stephen L. **Gelband**  
Hewes, Morella, **Gelband**  
& Lamberton, P.C.  
1000 Potomac Street, N.W.  
Suite 300  
Washington, D.C. 20007

R. Bruce Keiner  
Crowell & Moring  
1001 Pennsylvania Avenue, N.W.  
10th Floor North  
Washington, D.C. 20004

R. D. Devlin  
Richard J. Fahy, Jr.  
Trans World Airlines  
808 17th Street, N.W., Suite 520  
Washington, D.C. 20006

Elliott M. Seiden  
**Megan** Rae Poldy  
Northwest Airlines  
901 15th Street, N.W., Suite 500  
Washington, D.C. 20005

James R. Weiss  
Preston, Gates, Ellis & Rouvelas  
1735 New York Avenue, N.W., Suite 500  
Washington, D.C. 20590

Robert E. Cohn  
Shaw, **Pittman** Potts & Trowbridge  
2300 N Street, N.W.  
Washington, D.C. 20037

D. Scott Yohe  
Vice President-Government Affairs  
Delta Air Lines, Inc.  
1629 K Street, N.W.  
Suite 501  
Washington, D.C. 20006

Frank Cotter  
Assistant General Counsel  
**USAir, Inc.**  
2345 Crystal Drive, 8th Floor  
Arlington, VA 22227

David L. Vaughan  
**Kelley, Drye & Warren**  
1200 19th Street, N.W.  
Suite 500  
Washington, D.C. 20036

Vance Fort  
World Airways, Inc.  
13873 Park Center Road, Suite 490  
Herndon, VA 22071

U. S . **Transcom/TCJ5**  
Attention: Air Mobility Analysis  
508 Scott Drive  
Scott AFB, IL 62225

Richard P. Taylor  
**Steptoe & Johnson**  
1330 Connecticut Avenue, N.W.  
Washington, D.C. 20036

Michael F. Goldman, Esq.  
**Bagileo, Silverberg & Goldman**  
1101 30th Street, N.W.  
Suite 120  
Washington, D.C. 20007

## NARRATIVE INTRODUCTION

This exhibit consists of the Alliance Expansion Agreement between United and Lufthansa, dated January 9, 1996, as well as the Alliance Agreement between United and Lufthansa, dated October 4, 1993, and related agreements of the same date ("October 4, 1993 Agreements").

The January 9, 1996, Alliance Expansion Agreement is filed in its entirety and a copy has been served with the Joint Application upon all persons named in the Service List. The October 4, 1993 Agreements are attached to the copies of Exhibit JA-1 filed with DOT. These Agreements are submitted in the redacted version that was previously given public distribution. Because of the volume of these October 4, 1993, Agreements and because they were previously served upon all persons on the extensive service list in Docket 49223, they are not being reproduced for redistribution in the service copies of the Joint Application. Any party wishing to obtain a duplicate redacted copy of the October 4, 1993, Agreements should contact Jeffrey A. Manley at (202) 637-9057 and a copy will be provided.

Certain portions of the October 4, 1993 Agreements were granted confidential treatment by the Department. This included some of the material that had been redacted from the public copies as well as two agreements relating to slots at London Heathrow Airport and a subsequent revision of one of those agreements, dated March 30, 1994. The Department granted confidential treatment to these documents in Orders 93-12-32 and 94-4-43. The Joint Applicants are providing under separate sealed cover to the Department six (6) copies of these confidential documents to avoid the need for their being extracted from the confidential portions of Docket 49223 in which they were originally filed.

**ALLIANCE EXPANSION AGREEMENT**

**by and between**

**DEUTSCHE LUFTHANSA AG**

**and**

**UNITED AIR LINES, INC.**

**January 9, 1996**

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THIS ALLIANCE EXPANSION AGREEMENT ("EXPANSION AGREEMENT") is made and entered into on January 9, 1996 ("the Effective Date") by and between:

**Deutsche Lufthansa Aktiengesellschaft** (which, together with any Affiliates it may have, shall be referred to as "LH"), a corporation organized and existing under the laws of Germany, and having its principal executive office at Von-Gablenz-Straße 2-6, D-50679 Cologne, Germany; and

**United Air Lines, Inc.** (which, together with any Affiliates it may have, shall be referred to as "UA") a corporation organized and existing under the laws of the state of Delaware and having its principal executive office at 1200 East Algonquin Road, Elk Grove Township, Illinois 60007, U.S.A..

In this Expansion Agreement, LH and UA may each be individually referred to as a "Party" and may be collectively referred to as the "Parties".

**WHEREAS**, pursuant to the Alliance Agreement concluded between the Parties as of October 3, 1993 ("the 1993 Agreement"), the Parties have operated an alliance based on limited cooperation which has created benefits for the traveling public; and

**WHEREAS**, the Parties now seek to expand and enhance their alliance, whereby the cooperation between the Parties will be generally broadened and deepened; and

**WHEREAS**, the enhanced alliance will expand the benefits for the traveling and shipping public, and will facilitate new benefits including integrated service products, increased cost efficiencies, increased time efficiencies, and improved service options; and

**WHEREAS**, expansion of the Parties' cooperation in various commercially important areas necessitates a revenue sharing approach for certain routes served by the Parties; and

**WHEREAS**, the Parties wish to maintain their competitiveness with other major global alliances of carriers; and

**WHEREAS**, the **Parties** seek to take advantage of opportunities presented by the significant recent liberalization of bilateral aviation regimes between the United States and nine European countries, and the further liberalization of the bilateral aviation regime between the United States and the Federal Republic of Germany that the Parties anticipate during 1996; and

**WHEREAS**, the Parties expect to seek immunity from U.S. antitrust laws pursuant to 49 U.S.C. § 41308 and 41309, without which the Parties will not proceed with expansion of their alliance as set forth herein.

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NOW **THEREFORE**, in consideration of the mutual covenants of the Parties, intending to be legally bound, the Parties hereby agree:

## ARTICLE 1: DEFINITIONS

Capitalized terms shall have the meanings ascribed to them in Schedule 1.

## ARTICLE 2: SCOPE OF THE ALLIANCE

**2.1 The LH/UA Alliance.** The Parties shall plan and operate their respective networks, facilities and operations to create an integrated global air transport service ("LH/UA Alliance"). The broader LH/UA Alliance formed pursuant to this Expansion Agreement reinforces **and expands upon the alliance** formed pursuant to the 1993 Agreement, which shall remain **in full force** and effect. **The LH/UA Alliance** shall be implemented by the Parties on the basis of and subject to the terms and conditions set out in the 1993 Agreement and this Expansion Agreement. In case of any inconsistency between the **1993** Agreement and this Expansion Agreement, this Expansion **Agreement shall take precedence.**

**2.2 Areas of Expanded Cooperation.** The Parties shall further integrate their activities in each of the following substantive areas as set forth in greater detail in this Expansion Agreement and in such Implementing Agreements as the Parties may conclude pursuant to Article 2.4 hereof:

- Route and Schedule Coordination
- Marketing, Advertising and Distribution
- Co-Branding and Joint Product Development
- Code Sharing
- Pricing, Inventory and Yield Management Coordination
- Revenue Sharing
- Joint Procurement
- Support Services

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- 0 Cargo Services
- Information Systems
- Frequent Flyer Programs
- Financial Reporting
- Harmonization of Standards/Quality Assurance

The Parties shall also explore and pursue other opportunities for operational efficiencies from joint utilization of either Party's services and facilities, whenever feasible.

**2.3 Geographic Allocation of Responsibilities.** The LH/UA Alliance shall be a global alliance extending to all areas of the world served by either Party. The LH/UA Alliance shall, subject to the provisions of this Expansion Agreement, allocate geographic responsibilities between the Parties as follows:

**2.3.1 Within the United States or Europe.** UA, its Affiliates and Commuter Carriers and such other Air Carriers as the Parties may agree upon, shall operate air transport services for the LH/UA Alliance between points in the United States. LH and its Affiliates and such other Air Carriers as the Parties may agree upon, shall operate air transport services for the LH/UA Alliance between points within Europe.

**2.3.2 Between the United States and Europe.** Each Party may operate air transport services between the United States and Europe. All such services shall be provided by the Parties on a coordinated basis as described in Articles 4.1 and 4.5.

**2.3.3 Rest of the World.** The Parties shall coordinate their services and responsibilities in other parts of the world in the manner and to the extent the Parties may agree in Implementing Agreements, in order to maximize synergies and cost savings in each geographic area and operational sphere covered by the LH/UA Alliance.

**2.4 Contractual Framework.** This Expansion Agreement establishes the basic principles for expansion of the alliance already in operation pursuant to the 1993 Agreement. The Parties expect to enter into Implementing Agreements in

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order to define further and put into effect various details of the LH/UA Alliance. Each Implementing Agreement shall be based upon and consistent with, and its provisions shall be interpreted by reference to, this Expansion Agreement, except as the Parties may otherwise expressly agree in any such implementing Agreement.

**2.5 Retention of Corporate Identity.** The Parties shall remain independent Air Carriers and each Party shall retain its own corporate identity. Except to the extent expressly **provided** otherwise in this Expansion Agreement or future agreements between the Parties, the Parties shall remain autonomous and hereby expressly reserve their independent decision-making powers. Each Party shall be responsible for supervising its representatives on the Alliance Committee.

### **ARTICLE 3: ALLIANCE ADMINISTRATION**

**3.7 Administrative Structure for the Alliance.** The LH/UA Alliance shall be administered by the Joint Alliance Committee ("Alliance Committee"] established pursuant to the 1993 Agreement. The decisions of the Alliance Committee shall, provided they are properly within the scope of responsibilities allocated to the Alliance Committee by this Expansion Agreement or an Implementing Agreement, be binding on the Parties. The Parties shall take all necessary steps to ensure that such decisions are implemented throughout their respective organizations.

**3.2 The Alliance Committee.** In addition to its responsibilities under the 1993 Agreement, the Alliance Committee shall administer the implementation and operation of the LH/UA Alliance in the substantive areas set forth in Article 2.2 hereof. In particular, unless instructed otherwise by the Parties acting jointly, the Alliance Committee shall be responsible for the following:

**3.2.1 Alliance Coordination.** The Alliance Committee shall be responsible for coordination of LH/UA Alliance activities conducted by the Parties.

**3.2.2 Benefit Monitoring.** The Alliance Committee shall monitor the benefits derived by the LH/UA Alliance and each Party from the LH/UA Alliance and identify further areas in which synergies can be achieved.

**3.2.3 Quality Control.** The Alliance Committee shall define standards and goals for LH/UA Alliance services in the various operational areas, consistent with Article 4.13 hereof ("Harmonization Of

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Standards and Quality Assurance”) and shall monitor the performance of the Parties in comparison to those defined standards and goals.

**3.2.4 Further Improvements.** The Alliance Committee shall seek to identify ways to improve the performance of the LH/UA Alliance and, where appropriate, make specific recommendations to the Parties.

**3.3 Commercial Decisionmaking.** In the event of any disagreement between the Parties concerning an operational or business decision within the Alliance Committee’s area of responsibility (“Commercial Decision”), each Party shall be free to make its own independent business decision with regard to the subject matter of the Commercial Decision, notwithstanding the existence of the LH/UA Alliance.

Notwithstanding Article 9 hereof, under no circumstances shall any Commercial Decision be the subject of any dispute resolution procedure pursuant to Articles 9.2 and 9.3 or any other proceedings in any national court, arbitral tribunal, administrative body, or any other legal body, and each Party hereby:

irrevocably undertakes not to commence, participate in, invite, invoke or otherwise assist in any such proceedings; and

irrevocably and unconditionally waives any and all rights of any description whatsoever in respect of any such Commercial Decision, except for the rights to preclude any proceedings in respect of any such Commercial Decision and to proceed unilaterally.

## **ARTICLE 4: PRINCIPLES FOR EXPANDED COOPERATION**

**4.1 Route and Schedule Coordination.** The Parties shall coordinate route and schedule planning to the maximum feasible extent throughout their global route networks. The goals of their coordination shall generally be:

- **Maximizing Transport Options.** To offer the maximum number of traveling and shipping options of optimal quality to the public so that passengers and shippers are able to utilize the most efficient routings regardless of which Party is operating the flight.



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- 0     **Allocating Resources Efficiently.** To allocate and use the Parties' respective resources and capacities, including but not limited to their fleets and airport slots, within the LH/UA Alliance network in the most efficient way, consistent with each Party's systemwide needs and regulatory constraints, to minimize costs such as delays and aircraft "dead time".
- **Enhancing Profitability.** To enhance profitability through coordinated route and schedule planning, joint determination of optimal capacities, improved service and increased efficiency,

**4.2 Marketing, Advertising and Distribution.** The Parties shall establish closer global cooperation and greater integration of their marketing, advertising and distribution networks, staffs, programs, and systems, to the extent they jointly deem commercially beneficial. Without limiting the range of other coordinated activities the Parties may undertake, the Parties agree as follows.

- **Marketing.** The Parties shall seek to provide for joint marketing of LH/UA Alliance services, including joint marketing targeted to corporate, group and government customers and joint marketing of the Parties' frequent flyer programs which shall be coordinated as described in Article 4.1 1 hereto.

To facilitate marketing integration, the Parties may jointly create: a unified commissions schedule using a single commissions accounting system; common override agreements for retail accounts, corporate accounts, and consolidator and special accounts; and tour and vacations programs.

- **Advertising.** The Parties shall seek to engage in joint advertising and promotion of LH/UA Alliance services. Such advertising shall seek to emphasize the geographic scope and breadth of services of the LH/UA Alliance.
- **Distribution.** The Parties shall seek to establish in certain geographic areas a combined sales force, which shall conduct for the LH/UA Alliance distribution activities, such as field sales, reservations, operating city ticket offices, and specialized services (e.g., those directed to travel agencies, corporations, governments, groups, and VIP customers). The Parties shall seek to represent each other in certain geographic areas through general sales agencies and similar means, and may coordinate their use of general sales agents and

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consolidators in certain geographical areas. The Parties shall also seek to consolidate selected sales administration and planning functions, create common sales goals and support activity plans, and develop and coordinate use of electronic products and distribution channels as described in Article 4.10 hereto.

**4.3 Co-Brandina and Joint Product Development.** The Parties shall seek to co-brand existing products and to this end shall explore the creation of a joint logo and/or joint corporate markings. The Parties shall also seek to jointly develop co-branded products including, but not limited to: interior design, decoration and cabin layout; **inflight** entertainment, amenities and services; and passenger ground services. The Parties shall also seek to share existing and future product and market research conducted by either Party and jointly undertake future product and market research. The Parties shall generally coordinate service offerings to ensure that **onboard** service throughout their respective networks is of a comparable high quality.

**4.4 Code Sharing.** In addition to the Code Sharing agreed under the 1993 Agreement, each Party shall, to the extent permitted by applicable treaties, laws and regulations, give the other Party the opportunity to engage in Code Sharing on any or all nonstop scheduled passenger services for which it is the operating carrier between Europe and the United States and such other services as the Parties **may** jointly select from time to time.

**4.5 Pricing, Inventory and Yield Manaaement Coordination.** The Parties shall consult and coordinate on pricing, inventory and yield management with respect to all services included in their respective networks. Without limiting the range of other coordinated activities the Parties may undertake, the Parties shall, to the extent they jointly deem commercially beneficial:

- jointly develop, coordinate and offer fare products, including corporate fares, net fares and retail sale promotional fares that utilize the LH/UA Alliance's global capabilities;
- jointly develop, coordinate and prepare bids for group business and U.S. government business utilizing the LH/UA Alliance's global schedule;
- jointly develop and apply consistent uniform auxiliary service charges and collection policies (e.g., excess baggage, pets);

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- 0 harmonize methods and procedures concerning revenue management (e.g., passenger protection, dupe check, **waitlist** priorities); and
- jointly develop inventory management allocations consistent with the principles set forth in Article 4.1 hereof.

**4.6 Revenue Sharing.** The Parties shall share net revenues (less certain operating costs) received by either Party for scheduled passenger air transportation on certain routes subject to such additions or exceptions as the Parties may mutually determine from time to time. The selection of routes subject to revenue sharing, the definitions of gross and net revenue and operating costs, and the Parties' respective revenue allocations shall be determined in **accordance** with specifications and rules to be established jointly by the Parties. Revenue sharing shall be implemented as soon as practicable after these specifications and rules have been agreed. Until such time as these specifications **and** rules have been agreed, the existing prorate agreements between the Parties, and any future replacement or modification thereof, shall remain in effect under the conditions and terms specified therein.

**4.7 Joint Procurement.** The Parties shall seek economically viable joint procurement opportunities with the overall objective **of** reducing costs. Generally, the Parties shall seek cost reductions through:

- obtaining lower prices for necessary goods and services through volume purchases, establishment of common specifications, and improved access to world pricing data. Goods and services that may be subject to joint procurement include but are not limited to: ground handling services, general goods and services, field and station supplies, catering, crew uniforms, information technology products and services, fuel and maintenance;
- eliminating redundant purchasing activities in geographic areas where one Party has a superior presence and knowledge of that market; and
- cooperation between the existing purchasing organizations, the creation of dedicated joint procurement groups, or the establishment of single joint purchasing group.

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#### **4.8 Support Services**

**4.8.1 Passenger and Ramp Services.** The Parties shall continue their cooperative efforts with respect to ground and **inflight** passenger and ramp services as established in the 1993 Agreement (including, for example, passenger processing, through check-in, transfers, shared lounge facilities, baggage handling, aircraft groundhandling, and maintenance), and they shall seek to extend this cooperation to all airports served by the Parties. In third-country markets, the Parties will seek to identify the most cost-effective means of meeting their combined needs.

**4.8.2 Training.** The Parties shall implement joint training of crews and other personnel to the extent commercially and operationally feasible.

**4.8.3 Catering.** The Parties shall explore joint purchasing opportunities for their catering operations. They shall also seek to establish common specifications and requirements for food, beverage, and catering supplies **and equipment** to the extent commercially and operationally feasible.

**4.9 Cargo Services.** Without limiting the applicability of the other provisions of this Expansion Agreement to the Parties' cooperation in the area of cargo, the Parties shall seek to harmonize and integrate their cargo services in ways that will enable them to maximize the utilization of their global route networks and resources including, to the extent agreed in cargo-specific Implementing Agreements, the joint development of **express cargo** products, joint usage of cargo facilities and terminals, ground handling, coordination of trucking and RFS services, and the harmonization **of** standards for cargo products and services (e.g., joint **I.S.O.** 9000 certification).

**4.10 Information Svstems.** The Parties shall seek to combine **and/or** harmonize their information systems, including inventory, yield management, reservation, ticketing, distribution and other operational systems. To this end, the Parties shall consider implementation of the following consistent with the needs of the Parties and the LH/UA Alliance.

- Joint development and coordinated utilization of new information technologies to facilitate compatible ticketing systems and products (such as ticketless travel, Smart Cards, and Chip Cards), distribution

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channels (such as online networks), flight planning, accounting, maintenance, and such other systems and functions as the Parties may identify from time to time.

- Consolidation and/or coordination of existing information systems, resources and functions, such as voice and data networks, reservations networks, business resumption plans, backup site support, help desk support, system installation and maintenance, software distribution and licensing, LAN design/administration, and information systems business and technical skills.

The ultimate goal of such harmonization shall be the integration of all information technology systems to the fullest extent consistent with the commercial integration taking place in other areas of the LH/UA Alliance. The implementation shall be driven by the business needs for integrated information technology support. The Parties do not intend to coordinate the management of their respective interests in the CRS systems owned and operated by Galileo International Partnership and AMADEUS Global Travel Distribution, S.A.

4.11 Frequent Flyer Programs. The Parties shall continue to coordinate their Frequent Flyer Programs, as set forth in Article 7 of the 1993 Agreement, SO that passengers will be able to accrue and redeem mileage on either program for all flights throughout the Parties' -respective air transportation networks. The Parties shall consider full integration of their Frequent Flyer Programs.

4.12 Financial Reporting. To facilitate revenue sharing and to promote easier coordination of yield management, the Parties shall consider harmonizing their financial reporting practices, including revenue and cost accounting practices.

4.13 Harmonization of Standards and Quality Assurance. The Parties shall seek to harmonize their respective product standards, service levels and in-flight amenities. Pending such full harmonization, each Party shall in all respects afford customers of the other Party the same standard of service as it provides to its own customers.

## ARTICLE 5: IMPLEMENTATION

5.1 Implementation Plan. Subject to the conditions set forth in Article 7 hereof, the Parties intend to implement the LH/UA Alliance as provided for in this Expansion Agreement commencing on the Implementation Date and in accordance with an Implementation Plan to be developed jointly by the Parties.

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**5.2 Implementing Agreements.** In order to create, develop, manage and maintain the LH/UA Alliance, the Parties have determined that Implementing Agreements will be necessary. The Parties shall use all reasonable endeavors to conclude Implementing Agreements in accordance with the Implementation Plan.

**5.3 Regulatory.** The Parties shall make a common approach to the U.S., German and other relevant authorities for the purpose of obtaining all Regulatory Approvals relevant to the LH/UA Alliance.

**5.4 No Infringement.** No Party shall be required by this Expansion Agreement under any circumstances to take any action which would infringe any statute, regulation or Approval or the order of any authority or court having jurisdiction over such Party or over all or any of the transactions contemplated by this Expansion Agreement.

#### ARTICLE 6: ARRANGEMENTS WITH THIRD PARTY CARRIERS

**6.7 Admission of Third Parties.** The Parties will be open to opportunities for cooperation with other potential participants in the LH/UA Alliance. Admission of third parties as additional participants in the, LH/UA Alliance shall take place only by mutual consent of the Parties.

**6.2 Alliances With Other Carriers.** Each Party shall notify the other Party in advance and shall discuss with the other Party, in the manner contemplated in Article 2.11 of the 1993 Agreement, any Cooperative Agreement which it proposes to enter into with any third party Air Carrier, or any significant extension or amendment which it proposes to make to any existing Cooperative Agreement with any third party Air Carrier, following the Effective Date. In order to maximize synergies and enhance customer service, the Parties shall seek to have alliances with the same third party Air Carriers, where feasible.

**6.3 Commuter Carriers.** UA shall use reasonable commercial efforts, in the manner contemplated in Article 2.9 of the 1993 Agreement, to facilitate each of its Commuter Carriers entering into a code sharing agreement with LH and offering LH the same operational and joint product pricing opportunities that those carriers offer to UA.

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## ARTICLE 7: CONDITIONS

**7.1 Conditions Precedent.** This Expansion Agreement shall not take effect until and unless the following board Approvals and regulatory Approvals have been achieved or obtained:

**7.1.1 Board Approval.** Final approval of this Expansion Agreement ~~must~~ have been obtained, in the case of LH, from its supervisory board and, in the case of UA, from its board of directors in relation to this Expansion Agreement.

**7.1.2 Regulatory Approvals.** All regulatory Approvals must have been obtained, including (without limitation) all requisite clearances from the United States Departments of Justice and Transportation, including the immunization of the Parties from liability under the antitrust laws pursuant to 49 U.S.C. § § 41308 and 41309 for all activities provided for in this Expansion Agreement, subject to conditions, if any, that are acceptable to both Parties.

**7 . 2 Cooperation.** The Parties shall cooperate fully and shall individually and collectively use all reasonable endeavors to fulfill or procure the fulfillment of the conditions set forth in Article 7.1 hereof and shall notify the other Party immediately upon the satisfaction of such conditions. The Parties may jointly agree to waive in writing in whole or in part all or any of the conditions precedent set forth in Article 7.1 hereof.

**7.3 Termination for Nonfulfillment of Conditions.** In the event of any of the matters set forth under Article 7.1 hereof not having been achieved or obtained (~~or~~ waived by written consent of the Parties) on or before September 1, 1996, either Party shall (provided it shall have complied with its obligations under Article 7.2 hereof) be entitled to terminate this Expansion Agreement upon written notice to the other Party.

**7.4 ~~Subsequent Approvals.~~** The Parties shall cooperate fully and ~~shall~~ individually and collectively use all reasonable endeavors to procure *any* subsequent Approvals that may become necessary.

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## ARTICLE 8: DURATION AND TERMINATION

8.1 Indefinite Term. The **LH/UA** Alliance shall continue indefinitely until terminated in accordance with Article 7.3 hereof or the following provisions of this Article 8.

8.2 No Termination During Initial Term. Except as provided in Article 8.4 hereof, neither Party shall be entitled to terminate this Expansion Agreement during an initial term of two years following the implementation Date ("Initial Term").

8.3 Termination Based on Commercial Decision. Except as provided in Article 8.4 hereof, during a further period of two years following the expiration of the Initial Term ("Subsequent Term"), a Party shall only be entitled to terminate this Expansion Agreement, by serving six months' written notice on the other Party, provided that:

8.3.1 the reason for the termination is a Commercial Decision that the Parties have failed to resolve after reasonable effort;

8.3.2 the Commercial Decision in question, in the reasonable opinion of the terminating Party, concerns a fundamental, strategic operational or business decision relating to the **LH/UA** Alliance or to the terminating Party's business or is one of a number of unresolved Commercial Decisions which in the reasonable opinion of the terminating Party cumulatively render a continuation of the **LH/UA** Alliance between the Parties undesirable for either or both of the Parties;

8.3.3 the Parties' failure to resolve such Commercial Decision must, in the reasonable opinion of the terminating Party, create a fundamental adverse effect on the business, prospects or assets of the **LH/UA** Alliance *or* of the terminating Party; and

8.3.4 the terminating Party has given prior written notice to the other Party that, in the event of the Parties failing to resolve the Commercial Decision, the terminating Party would consider seeking a termination pursuant to this Article 8.3.

Each Party's right to terminate this Expansion Agreement as described in this Section 8.3 shall remain in effect following the expiration of the Subsequent Term, in addition to other termination rights then in effect as provided in Sections 8.4 and 8.5 hereof.



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**8.4 Termination for Cause.** Either Party may terminate this Expansion Agreement at any time with immediate effect by serving written notice on the other Party within four months of the terminating Party first becoming aware of the occurrence of any of the following events:

8.4.1 an Insolvency Event in respect of the other Party;

8.4.2 a Change of Control in respect of the other Party; or

8.4.3 a Material Default which is not capable of remedy or which, if capable of remedy, is not remedied to the terminating Party's reasonable satisfaction within thirty (30) days after that Party has given the other Party written notice requiring it to be remedied; or

8.4.4 the withdrawal or termination- of immunity from the antitrust laws of the United States.

**8.5 Termination Without Cause.** After the expiration of the Subsequent Term, either Party shall be entitled to terminate this Expansion Agreement by serving upon the other Party not less than twelve (12) months' notice in writing.

**8.6 Effect of Termination.** Termination of this Expansion Agreement shall be without prejudice to any rights or liabilities that accrued under this Expansion Agreement prior to such termination.

**8.7 Coordination with Termination of 1993 Aareement.** Any Party terminating this Expansion Agreement shall also exercise its rights under the 1993 Agreement to terminate that agreement effective as of the same date as the termination of this Expansion Agreement or the earliest date thereafter that is permitted by the terms of the 1993 Agreement. Neither Party shall exercise any right to terminate the 1993 Agreement unless that Party also terminates or has terminated this Expansion Agreement.

## **ARTICLE 9: GOVERNING LAW AND DISPUTE RESOLUTION**

**9.1 Governina Law.** This Expansion Agreement shall be governed by and construed in accordance with the laws of New York, without reference to the choice of law provisions thereof.

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**9.2 Dispute Resolution.** The Alliance Committee shall attempt to resolve any disputes that arise concerning interpretation of this Expansion Agreement or the performance of either Party. The Alliance Committee shall meet within ten (10) days upon notice by either Party that a dispute exists. If the Alliance Committee cannot resolve any such dispute within seven (7) days following the first day of such meeting, the dispute shall be referred to the Parties, which shall meet personally *or* by telephone within five (5) days. If no resolution is reached within three (3) days following the first day of such meeting, either Party may refer the matter to arbitration as specified in Section 9.3 below.

**9.3 Arbitration.** After completing the procedure set forth in Section 9.2 above, either Party may refer any dispute concerning interpretation of this Expansion Agreement or performance of contractual obligations hereunder to arbitration. All such disputes shall be finally settled by arbitration. The arbitration shall be conducted in London, U.K. in English in accordance with IATA Resolution 780, "Form of Interline Traffic Agreement".

**9.4 Specific Performance.** The Parties hereby expressly acknowledge the uniqueness of the benefits to be derived from this Expansion Agreement and the likely inadequacy of damages to afford fully satisfactory relief and therefore agree that the failure of one Party to perform this Expansion Agreement in any Material respect shall entitle the other Party to enforce performance of this Expansion Agreement by seeking an order from the arbitrators compelling the defaulting Party to perform its obligations hereunder. Each Party fully agrees that if it is the Party against which such order for specific performance is sought, it shall not directly or indirectly contest the availability of such remedy under the circumstances of the case.

## ARTICLE 10: CONFIDENTIALITY

**10.1 Limitation on Disclosure and Use of Information.** Except as necessary in any proceeding to enforce any of the provisions of this Expansion Agreement, neither Party will, without the prior consent of the other, use, publicize or disclose to any third party, either directly or indirectly, any of the following (hereinafter "Confidential Information"):

- (i) this Expansion Agreement or any of the terms or conditions of this Expansion Agreement;
- (ii) any Implementing Agreement or the terms or conditions of any Implementing Agreement; or

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- (iii) any confidential or proprietary information or data, in any form, received from and designated as such by the disclosing carrier,

unless and to the extent that such Confidential Information consists of documents in the public record.

**10.2 Response to Legal Process.** If either Party is served with a subpoena or other legal process requiring the production or disclosure of any Confidential Information obtained from the other Party, then the subpoenaed Party, before complying, will immediately notify the other Party and take reasonable steps to afford that other Party a reasonable period of time to intervene and contest disclosure or production.

**10.3 Action Upon Termination.** Upon termination of this Expansion Agreement, all Confidential Information, including any copies thereof made by the receiving Party, must be returned to the disclosing carrier or destroyed.

**10.4 Exchanged Data.** Neither Party shall use information or data provided by the other Party (whether or not designated confidential or proprietary) in connection with this Expansion Agreement except in fulfillment of its obligations hereunder.

**10.5 Survival.** This Article shall survive the expiration or termination of this Expansion Agreement.

## **ARTICLE 11: FORCE MAJEURE**

Neither Party will be liable for delays or failure in performance under this Expansion Agreement caused by acts of God, war, sabotage, strikes, labor disputes, work stoppage, fire, acts of **government or any other** event beyond the control of that **Party**.

## **ARTICLE 12: SEVERABILITY**

In the event that any one or **more** of the provisions of this Expansion Agreement shall be determined to be invalid, unenforceable or illegal, such invalidity, illegality and unenforceability shall not affect any other provision of this Expansion Agreement, and the Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained in this Expansion Agreement. In that event or if an Approval is withdrawn or an Approval that

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becomes necessary subsequent to the Effective Date is not granted, the Parties shall negotiate any appropriate adjustments to the terms of this Expansion Agreement so that the effects of such invalidity, illegality or unenforceability are shared fairly by the Parties. **If the Parties are unable** to negotiate such an adjustment within a reasonable period of time, such invalidity, illegality or unenforceability shall constitute a Material Default if its effects are Material. If the effects of such invalidity, illegality or unenforceability are not Material, the invalid, illegal or unenforceable provision shall not affect **any other** provision of this Expansion Agreement, and the Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained in this Expansion Agreement.

### ARTICLE 13: HEADINGS

The headings contained in this Expansion Agreement are inserted purely as a matter of convenience and neither form an operative part of it nor are to be used in interpreting its meaning.

### ARTICLE 14: GENERAL INDEMNIFICATION

Except as otherwise provided herein, each Party shall indemnify and hold harmless the other Party, Affiliates of the other Party, and the directors, **officers**, employees, and agents of the other Party and its Affiliates from all liabilities, damages, losses, claims, suits, judgments, costs, and expenses, including reasonable attorneys' fees and expenses, directly or indirectly incurred by the other Party as the result of any claims that **arise out of or in connection with the performance or failure of performance of the indemnifying Party's** obligations hereunder. In addition, each Party shall indemnify and hold harmless the other Party, Affiliates of the other Party, and the directors, officers, employees, and **agents of the other Party or its Affiliates from all liabilities, damages, losses**, claims, suits, judgments, costs, and expenses, including reasonable attorneys' fees and expenses, directly or indirectly incurred by the other Party as the result of **any** claims by third parties that arise out of or in connection with any products or services received from or supplied by the indemnifying Party in connection with this Expansion Agreement and/or the LH/UA Alliance. This Article shall survive the expiration or termination of this Expansion Agreement.

**ARTICLE 15: EXCLUSION OF CONSEQUENTIAL DAMAGES**

NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOST REVENUES, LOST PROFITS, OR LOST PROSPECTIVE ECONOMIC ADVANTAGE, WHETHER OR NOT FORESEEABLE AND WHETHER OR NOT EASED ON CONTRACT, TORT, WARRANTY CLAIMS OR OTHERWISE IN CONNECTION WITH THIS EXPANSION AGREEMENT, AND/OR THE PRODUCTS OR SERVICES PROVIDED HEREUNDER, AND EACH PARTY HEREBY RELEASES AND WAIVES ANY CLAIMS AGAINST THE OTHER CARRIER REGARDING SUCH DAMAGES. THIS ARTICLE SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS EXPANSION AGREEMENT.

**ARTICLE 16: NOTICES**

Notices, demands, consents, approvals and any other communication required or permitted under this Expansion Agreement shall be in writing and given to the following persons:

**For United:**

United Air Lines, Inc.  
P.O. Box (EXOVZ) 66100  
Chicago, Illinois 60666  
U.S.A.  
Attn: Senior Vice President, International

United Air Lines, Inc.  
P.O. Box (EXOPQ) 66100  
Chicago, Illinois 60666  
U.S.A.  
Attn: Executive Vice President Corporate Affairs and General Counsel

**For Lufthansa:**

Deutsche Lufthansa AG  
Lufthansa Basis  
FRAVX/GBV  
60546 Frankfurt  
Germany  
Attn: Executive Vice President, Passenger Division

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Deutsche Lufthansa AG  
 Lufthansa Basis  
 FRACJ  
 60546 Frankfurt  
 Germany  
 Attn: General Counsel

Either Party may change the above names and/or addresses used for it after providing ten (10) days notice to the other Party. Notices shall be deemed given when received if transmitted by mail or overnight courier. Notices transmitted by teletype or facsimile shall be deemed given when sent if transmitted before **4:30** p.m. local time of the addressee, but shall be deemed given on the next day if so transmitted after **4:30** p.m. local time of the addressee.

#### ARTICLE 17: NO THIRD-PARTY BENEFICIARIES

This Expansion Agreement is for the benefit of the Parties and is **not** intended to confer any rights or benefits on any third party.

#### ARTICLE 18: AMENDMENTS

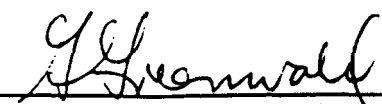
This Expansion Agreement may be modified only by a written instrument duly executed by or on behalf of each Party.

#### ARTICLE 19: COUNTERPARTS

This Expansion Agreement may be executed in one or more counterparts all of which taken together will constitute one and the same instrument.

UNITED AIR LINES, INC.

DEUTSCHE LUFTHANSA AG

By:   
 Name: Gerald Greenwald

By: \_\_\_\_\_  
 Name: Jürgen Weber

Title: Chairman of the Board  
 and Chief Executive Officer

Title: Chairman of the  
 Executive Board

S. PASHER 8/28/96

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**Deutsche** Lufthansa AC  
 Lufthansa **Basis**  
 FRACJ  
 60546 Frankfurt  
 Germany  
 Attn: General Counsel

Either Party **may** change the above names **and/or** addresses used for it **after** **providing** ten (10) days notice to the other Party. **Notices** shall be deemed given when received if transmitted by mail or overnight courier.. **Notices** transmitted by teletype or **facsimile** shall **be** deemed given when sent if **transmitted** before **4:30 p.m. local time of the addressee**, but shall be deemed given on the next day if so transmitted after **4:30 p.m. local time of the addressee**.

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This Expansion Agreement may be executed in **one** or more counterparts all of which **taken together will constitute** one and the same instrument.

UNITED AIR LINES, INC.

DEUTSCHE LUFTHANSA AG

By: \_\_\_\_\_  
 Name: Gerald Greenwald

By:   
 Name: Jürgen Weber

Title: Chairman of the **Board**  
 and Chief Executive Officer

Title: Chairman of the  
**Executive** Board

## SCHEDULE 1

### Definitions

**“Affiliate”** means, in relation to a Party, any Air Carrier in which a Party owns an equity interest of 50% or more, and such other undertakings as the Alliance Committee may unanimously decide to include in this definition;

**“Air Carrier”** means (i) any person or entity licensed by a governmental authority to engage in direct air transportation or (ii) any persons or entities affiliated with such an entity, including, but not limited to a parent, subsidiary, or holding company;

**“and/or”** means, in relation to two or more items linked by this conjunction, any of the items, or, both or all of the items;

**“Approval”** means any consent, ruling, approval, authorization, license, confirmation, exemption or waiver required or considered appropriate by the Parties in connection with the conclusion and/or implementation of the **LH/UA** Alliance (except one whose absence has no Material adverse effect on the Alliance and the Parties);

**“Change of Control”** means the occurrence of any of the following events:

(i) the direct or indirect beneficial ownership of 10% *or* more of the voting stock of LH or **UAL** Inc. is acquired or becomes held by an Air Carrier that is not one of the Parties to this Expansion Agreement; or

(ii) the sale, mortgage, lease or other transfer in one or more transactions other than to a Party's Affiliate, not in the ordinary course of business, of assets constituting more than 50% of the assets of a Party other than for the purposes of a bona fide and solvent consolidation, amalgamation or restructuring;

**“Code Sharing”** means the operation by one Air Carrier of flights for which seats are offered for **sale by another Air Carrier** using its own designator code alone or jointly with the **operating carrier's designator code**;

**“Commercial Decision”** means an operational or business decision within the Alliance Committee's area of responsibility, as described in Article 3.3.;

**“Commuter Carrier”** means all regional or commuter Air Carriers that are, or subsequent to the Effective Date become, contractually entitled to operate flights under the Party's airline designator code, but do not include Affiliates of the Party;



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**“Confidential Information”** means either of the following:

- (i) confidential or proprietary information or data, in any form, received **from** and designated as such by the **disclosing carrier; or**
- (ii) this Expansion Agreement **or any** of the terms or conditions of this Expansion Agreement;

**“Cooperative Agreement”** means any significant code sharing agreement, **alliance** agreement, or other agreement between Air Carriers for broad commercial cooperation similar to the cooperation contemplated herein, but not including special prorate agreements;

**“\*Effective Date”** means January 9, 1996;

**“Expansion Agreement”** means the instant agreement including all schedules;

**“Europe”** means all places in the territory of geographical Europe, all the republics formerly comprising the Soviet Union (and any successor states), and Turkey;

**“Frequent Flyer Program”** means a program or scheme operated by or for one or more Air Carriers under which passengers may earn awards for free travel **and/or other** benefits;

**“Implementation Date”** means the later to occur of the following: (i) the date on which the Parties jointly acknowledge to each other in writing that all Conditions set forth in Article 7.1 herein have been satisfied, or (ii) April 7, 1996.

**“Implementation Plan”** means the plan for implementing the LH/UA Alliance as provided in this Expansion Agreement, to be agreed between the Parties pursuant to Article 5.1;

**“Implementing Agreement”** means an agreement to be concluded between the **Parties** after the date of and pursuant to this Expansion Agreement, which agreement is intended to define further the details of and put into effect the LH/UA Alliance as provided in this Expansion Agreement;

**“Initial Term”** means the period commencing on the Implementation Date and lasting for two years thereafter:

**“Insolvency Event”** means the occurrence of any of the following **events or any** analogous event, in relation to a Party, in any part of the world:

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(i) **any distress, execution, sequestration** or other process being levied or enforced upon **or** sued out against a **Material** part of its undertaking, property or assets which is not discharged **within [60] days**:

(ii) it being unable to pay its debts generally;

(iii) it having ceased or threatening **to cease wholly or substantially to carry on** its business, otherwise than for the purpose of a solvent **reconstruction or** amalgamation;

(iv) any **encumbrancer** taking possession of or a receiver, administrator or trustee being appointed over the whole or any **Material part of its undertaking, property or assets**; or

(v) an order being made or resolution passed for its **winding up**, otherwise than for the purpose of a solvent **reconstruction**;

**“Joint Alliance Committee” or “Alliance Committee”** means the operational alliance committee established pursuant **to** Article 11 of the 1993 Agreement, and vested with responsibilities as set forth in **Article 3.2 of** this Expansion Agreement;

**“LH”** means Deutsche Lufthansa **Aktiengesellschaft**, a corporation organized and existing under the laws of Germany and having **its principal executive office at Von-Gablenz-Straße 2-6, D-50679 Cologne, Germany, and any Affiliates it may have**;

**“LH/UA Alliance”** means **the** alliance formed by the Parties on the **basis** of and **as** generally described in Article 2.1;

**“Material”**, when used in relation to a Party, means such **that, in the reasonable** opinion of **the** terminating or enforcing Party, it does **or** would

(i) prevent **the** Party in relation to **which the expression is used from** performing its fundamental obligations to **that** other Party under **this Alliance Agreement**; or

(ii) substantially deprive that other Party of the benefit of the **performance by the Party in relation** to which the expression is used **of** its obligations to the other **Party** under this Alliance Agreement; or

(iii) have a fundamental adverse effect on the business, prospects or assets of the **LH/UA Alliance** or the other Party

and the expression **“Materially”** shall be interpreted **accordingly**;

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**“Material Default”** means a failure by either Party in the performance or observance of any obligation set out in this Alliance Agreement or in any Implementing Agreement that is Material;

**“1993 Agreement”** means the Alliance Agreement concluded between the Parties as of October 3, 1993;

**“Party”** means LH or UA;

**“Subsequent Term”** means the period commencing on the date the Initial Term concludes and lasting for two years thereafter;

**“UA”** means United Air Lines, Inc., a corporation organized and existing under the laws of the state of Delaware and having its principal executive office at 1200 East Algonquin Road, Elk Grove Township, Illinois 60007, U.S.A., and any Affiliates it may have;

**“UA Express”** means those independent U.S. flag domestic carriers operating under the “United Express” servicemark and trade name, pursuant to written agreement with UA; and

**“United States”** means all places in the fifty states comprising the United States, the District of Columbia and any territory, **trust territory** or possession of the United States, including Puerto Rico, Guam, American Samoa and the Virgin Islands.

ALLIANCE AGREEMENT  
by and between  
**DEUTSCHE LUFTHANSA AG**  
and  
UNITED AIR UNES, **INC.**

**October 4, 1993**

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THIS AGREEMENT IS made and entered into as of the 4th day of October, 1993 (the "Effective Date"), by and between Deutsche Lufthansa Aktiengesellschaft (which, together with any Affiliates it may have, shall be referred to as "Lufthansa"), a corporation organized and existing under the laws of the Federal Republic of Germany and having its principal executive office at Von-Gablenz-Strasse 2-6, 50679, Cologne, federal Republic of Germany, and United Air Lines, Inc. (which, together with any Affiliates it may have, shall be referred to as "United"), a corporation organized and existing under the laws of the State of Delaware and having its principal executive office at 1200 East Algonquin Road, Elk Grove Township, Illinois 60007, United States of America. In this Agreement, United and Lufthansa **may** each be individually referred to as a "Party" and may collectively be referred to as the "Parties." An "Affiliate" of a **Party** means any air carrier in which a Party owns an equity interest of 50% or more.

WHEREAS, United and Lufthansa each provide air transportation **services** and seek to attain the highest standards of quality, service and value for the benefit of the traveling public; and

WHEREAS, Lufthansa and United wish to increase each Party's opportunities to offer competitive and cost effective air transportation services between Europe and the Americas, directly and **via** the Pacific, as well as to Asia, Africa, Latin America and the Middle East; and

WHEREAS, United **has** been **seeking** for some **time** to close its operations between Heathrow Airport (London) and Germany, yet it still desires to participate in that market and **preserve** its operational rights; and

WHEREAS, United and Lufthansa wish to enable each Party to offer customers **a** wider choice of **travel options** at competitive prices, to optimize the use of aircraft capacity and ground facilities, and to provide coordinated scheduling and **improved interline services** for international travelers in **order** to increase the **use** of **those services** by the traveling public; and

WHEREAS, United and **Lufthansa desire** to establish a **comprehensive** and balanced **long-term relationship** (the "Alliance") to **compete effectively with alliances** of **other** carrier **seeking** to market globally integrated air **transportation services**.

NOW, THEREFORE, in **consideration** of the mutual covenants of the **Parties**, and intending to be legally bound, **the Parties** hereby agree as follows:

## ARTICLE 1: SCOPE OF THE ALLIANCE

The Alliance shall include schedule coordination, coordination of CRS and passenger reservation systems, coordinated marketing and distribution, reciprocal participation in both Parties' frequent flyer programs, and code-sharing, as well as arrangements concerning joint facilities, ground handling and maintenance, all as set forth generally in this agreement ("Agreement" or "Alliance Agreement").

## ARTICLE 2: ALLIANCE SERVICES

2.1 **Schedule Coordination.** The Parties shall each use all reasonable efforts, consistent with their respective operational constraints, to coordinate the Schedules of their respective airline networks in order to minimize passenger waiting time for connections between the networks and to maximize passenger convenience and service throughout their combined networks. Each Party shall have the unilateral right to modify its schedules, and to add or discontinue individual flights or routes, in its sole discretion; provided, however, that each Party shall notify the other Party of such changes affecting Code Shared Flights (as defined in Section 2.2 below) no less than 30 days prior to implementing any such schedule alteration and no less than two months prior to implementing any such route addition or discontinuation.

2.2 **Code Sharing.** Subject to all necessary governmental approvals and development of necessary CRS system requirements, as set forth in Article 5 hereof, each Party shall make flights operated by it available for the other Party to offer on a code-shared basis ("Code Shared Flights") to the traveling public (excluding local traffic on feeder services except on routes where the Code Sharing Carrier (as defined in Section 2.3 below) currently operates service with local traffic rights) as follows:

2.2.1 **Phase One.** As an interim arrangement from December 1, 1993 ("Implementation Date") until July 1, 1994, or such earlier date when the Parties may jointly determine that all necessary systems are ready for commencement of Phase Two code sharing provided for in Section 2.2.2 below, Lufthansa shall make seats available to United, as set forth in Section 2.3.1, for sale using United's "UA" code on the Lufthansa flights set forth on

Attachment 2.2.1, and United shall make seats available to **Lufthansa**, as set forth in Section 2.3.1, for sale using Lufthansa's "LH" code on the United flights set forth on Attachment 2.2.1. In addition, the Parties shall implement code sharing on the London/Germany flights set forth on Attachment 9.2 ("London/Germany feeder Flights") during **Phase One** provided that: (i) code sharing on such flights is operationally feasible for each Party; (ii) each Party is satisfied, in its sole discretion, with the application and interpretation of the terms of relevant bilateral aviation agreements affecting such flights, and with the effect that such flights would have on the application of such bilateral aviation agreements to proposed flights by other carriers; and (iii) the Parties have obtained all necessary governmental approvals.

2.2.2 **Phase Two.** Immediately following Phase One, and continuing for the duration of this Agreement, the following flights operated by the Parties shall be Code Shared flights:

-- all trans-Atlantic flights operated by either Party between the U.S. and Germany, except for flights where the potential Code Sharing Carrier (as defined in Section 2.2.3 below) determines that code sharing would be confusing to the customer due to the lack of shared terminal facilities of the Parties or similar operational constraints, and such other flights as the Parties may mutually agree;

all flights between points within Germany and between Germany and any point in Europe, Africa, the Mideast and the Indian Subcontinent (Calcutta and points west of it) and between Santiago and Buenos Aires, that are operated by Lufthansa and that represent operationally feasible and

commercially reasonable connections with any flight operated by either Party between the United States and Germany, and between other points as mutually agreed (collectively, "German Beyond-Gateway Flights");

- • all flights between points within the United States and between the: United States and any point in Canada, the Caribbean and Latin America, that are operated by United and that represent operationally feasible and commercially reasonable connections with any flight operated by either Party between Germany and the United States, and between other points as mutually agreed (collectively, "U.S. Beyond-Gateway Flights"); and

subject to the conditions set forth in Section 2.2.1, the. **London/Germany** Feeder Flights, as set forth in Attachment 3.2.

provided, however, if governmental action limits the number of U.S. **Beyond-Gateway** Flights on which **Lufthansa** may code share under this Agreement, or the number of German **Beyond-Gateway Flights** as to which **United** may code share under the Agreement, then the Party whose code sharing opportunities are limited may require the other Party, upon 120 days notice, to limit to the same extent the number of U.S. Beyond-Gateway Flights or German Beyond-Gateway Flights, as the case may be, on which it code shares pursuant to the Agreement. In the event a limitation on U.S. and/or German Beyond-Gateway Flights is imposed, the Code Sharing Carrier shall be entitled to determine from time to time which of the flights that qualify as Code Shared Flights pursuant to the Section 2.2.2 shall be excluded from code sharing in order to comply with the limitation.

2.2.3 Phase Three. Commencing upon mutual agreement, but no later than one year after the start of Phase Two, if the Parties jointly determine that it is operationally feasible, and continuing for the duration of this Agreement, as a supplement to Phase Two code sharing, the following flights operated by the Parties shall be Code Shared Flights:

- all trans-Atlantic flights operated by either Party not already included in Phase Two, except for flights where the potential Code Sharing Carrier (as defined below) determines that code sharing would be confusing to the customer due to the lack of shared terminal facilities of the Parties or similar operational constraints;
- to the extent the Parties jointly determine that it is commercially desirable, all flights operated by either Party across the Pacific, between Germany and points east of Calcutta, and within Asia and the Pacific region; and

such other flights operated by either Party as to which the Parties jointly determine that code sharing is commercially desirable.

The Parties shall use reasonable efforts to resolve jointly regulatory and other barriers to implementation of Phases One, Two and Three. With respect to a Code Shared Flight, the Party operating the flight shall be referred to as the "Operating Carrier" and the Party other than the Operating Carrier shall be referred to as the "Code Sharing Carrier."

2.3 Inventory Management. Each Party will retain ultimate control over management of seat inventories on flights operated by it. Access to seat inventories for Code Shared Flights shall be provided to the Code Sharing Carrier as follows:

2.3.1 Phase One. During Phase One code sharing described in Section 2.2.1 above, blocks of seats in the amounts specified in Attachment 2.3.1 shall be allocated initially to be managed, marketed and sold by the Code Sharing Carrier under its own airline designator code. The Code Sharing Carrier shall be entitled to request additional seats for any Code Shared Flight (but without advance seat assignments), but the Operating Carrier shall retain sole and absolute discretion whether or not to grant any such request. Except as set forth in Attachment 9.2 with respect to London/Germany Feeder Flights, the Code Sharing Carrier shall release unassigned seats from allocated blocks to the Operating Carrier upon the exchange between the Parties of the passenger name list for the flight or, if earlier, upon the request of the Operating Carrier. The Code Sharing Carrier shall have the option to retain unsold space for further sale (but without advance seat assignments) prior to the departure of the flight. The Code Sharing Carrier shall release unsold space upon the request of the Operating Carrier. Except as set forth in Attachment 3.2 with respect to London/Germany Feeder Flights, each Party shall use its best reasonable efforts to return unsold space from allocated blocks to the other Party as far in advance of scheduled flight departure as practicable, taking into account demand patterns in each specific market and fare category, and the Code Sharing Carrier shall have no financial obligation for unsold seats or space. The Code Sharing Carrier shall not overbook seats allocated to it pursuant to this Section, except in accordance with specific arrangements expressly agreed to in writing by the Parties. United shall provide, at its expense, functionality for the initialization and handling of seat allotments on the Code Shared Flights of both Parties.

2.3.2 During Phase Two code sharing described in Section 2.2.2 above, the seat

**inventories** On code Shared **Flights** shall be made available for sale under either Party's airline designator code. Only the Operating Carrier shall have control over management of inventory among fare categories, but seats within each **category** will be available for sale under either Party's airline designator code. Translation of the Code Sharing Carrier's fares into the Operating Carrier's fare categories for inventory management purposes shall be done automatically, based upon rules provided by the **Operating** Carrier, through an interconnection of **the Parties'** computer reservation systems. **Functionality** for translation of fares shall make it possible to book Code Shared Flights using **the** Code Sharing Carrier's fare categories in the **same manner as** bookings made using those fare **categories** on flights operated by that carrier. The **Parties** shall provide information about applicable **classes** of service to travel agents and the traveling public.

2.3.3 **Ph**~~During~~**rPhase** Three code sharing described in Section 2.2.3 above, inventory management for **Code** Shared Flights will be conducted in the same manner as described in **Section 2.3.2 above** with respect to Phase Two code sharing.

2.4 **Advance Seat Assignment for Code Shared Flights.** Subject to technical constraints, . and **except as** provided in Section 9.2 below, each Party shall offer, and **United shall cause its** Commuter Carriers (as defined in **Section 2.9** below) to offer, **passengers** of the other **Party** the opportunity to receive advance seat **assignments** when **making reservations** for Code Shared Flights either **directly with the Party** or **the** Commuter Carrier **or through the** CRS system affiliated **with the Party.**

2.5 **Passenger Through Check-in** Beginning with Phase One code sharing described in Section **2.2.1 above** and **subject** to technical constraints, each Party shall provide **passengers the convenience** of through check-in at such Party's airport counters **for flights** of either **Party** and receiving seat assignments, boarding **passes**, documentation checks.



baggage tags, and frequent flyer program Credit for their Lufthansa/United connecting flights (except that in Phase One frequent flyer program credit at check-in shall be limited to connecting flights that are Code Shared Flights). United shall cause each of its Commuter Carriers (as defined in Section 2.9 below) to provide these services, subject to technical constraints, for all Lufthansa/Commuter Carrier connecting flights. Advance boarding passes shall not be issued without the approval of the Operating Carrier in any Phase.

**2.6 Seamless Transfer.** Subject to operational constraints, the Parties shall expedite to the greatest extent feasible the transfer of all passengers and baggage making connections between the Parties' respective networks, and shall cooperate in communicating efficiently to passengers, e.g. through ticket wallet inserts, terminal and gate signage, and flight information displays, to achieve the shortest possible connecting times between flights.

**2.7 In-Flight Product Coordination.** The Parties shall jointly evaluate the need for, and degree of coordination on, in-flight services and amenities reflecting the Parties' coordinated services, such as announcements, inflight video, magazines, and seat pocket inserts. The Parties shall also jointly evaluate the need for, and feasibility of in light of labor constraints, English and German language capability of cabin crews, on a route-by-route basis.

**2.8 Single Flight Numbers.** The Parties shall evaluate jointly the feasibility of single flight number designations of connection services that include Code Shared Flights. The Parties acknowledge that it may be desirable and feasible for one of the Parties to use single flight number designations even if the other Party does not do so. Neither Party shall use single flight number designations of connection services that include Code Shared Flights, however, unless it is operationally feasible for the other Party.

**2.9 Commuter Carriers.** Each Party shall use reasonable commercial efforts to facilitate each of its Commuter Carriers (as defined below) entering into a code sharing agreement with the other Party, which agreement shall include terms that are the counterparts of those set forth in Sections 2.1, 2.2, 2.3, 2.6, 2.7, 3.3, 8.3, 15.1 and 15.5 and Article 20 of this Agreement. Each Party shall nevertheless be entitled to maintain in effect any contractual rights it has as of the Effective Date with its Commuter Carriers, to the extent deemed necessary in such Party's

reasonable commercial judgment (taking into account the interests of the Alliance). The "Commuter Carriers" of a Party include all regional or commuter air carriers that are, or subsequent to the Effective Date become, contractually entitled to **operate** flights under the Party's airline designator code, but do not include Affiliates of the Party.

2.10 Quality Control. The Parties will establish a Joint Quality Group consisting of **operational** staff representatives of each Party. The Joint Quality Group will (i) define standards and goals for Alliance services in various **operational** areas such as flight operations, passenger handling, baggage handling, etc.; (ii) monitor performance of the Alliance in comparison to the defined standards and goals; and (iii) seek to identify ways to improve the performance of the Alliance.

2.11 Code-Sharing with Other Carriers. Neither Party shall enter into any code sharing arrangement with any other air carrier without prior notice to and discussion with the other Party, but the consent of the other Party shall not be required.

### ARTICLE 3: FARES, TICKETING, REVENUES AND **FEES FOR ALLIANCE SERVICES**

3.1 Fares Charged to the Public. Each Party shall independently **establish** its fares and rates for flights offered to the traveling public under its airline designator code, **subject** to the **rules** and regulations of the Air **Service Agreement between the United States** and the Federal Republic of **Germany and its amendments, all other air transport** services agreements that may **be applicable, and all other applicable** laws of the United States, **the** Federal Republic of **Germany and** the European Community.

3.2 Ticketing. Each Party **may** issue **tickets for Code Shared Flights subject to the regulations set forth in the IATA Multilateral Interline Traffic Agreement, as it may be amended from time to time.**

3.3 Revenue Accounting between the Parties. Except as provided in **Section 9.2** below, revenues from **air transportation** on Code Shared Flights shall be calculated and **apportioned between the Parties** as follows:

3.3.1 Travel Entirely On Party's Own Services. If a ticket is issued under the airline code of one Party for travel that is provided entirely on one or more flights operated by the same **Party**, that Party shall be entitled to receive and retain the entire Passenger Fare (as defined below), and shall be responsible for any applicable travel agency commissions, credit card fees, and other selling costs.

3.3.2 Travel Entirely on Other Party's Services. Commencing with Phase One and continuing for a period of twelve months thereafter,

(i) If a one-way or round-trip ticket is issued under the airline **code** of one **Party** for travel that is provided entirely by the other Party as Operating Carrier (on one or more flights), the Operating Carrier shall be **entitled** to receive an amount equal to the **Passenger Fare (as defined below)** less the Off-Line Distribution Fee (as defined below).

(ii) If a round-trip ticket **is** issued under the airline code of one Party and transportation in one direction is provided entirely by the other Party as Operating **Carrier** (on **one** or more flights), then such other **Party shall be entitled** to receive the **Passenger Fare** for that **origin-destination** less the **Off-Line Distribution Fee. The Passenger Fare** for the other **origin-destination** shall be apportioned pursuant to **Section 3.3.1 or 3.3.3**, whichever is applicable.

(iii) The **"Off-Line Distribution Fee"** shall be calculated **by multiplying the fare** for the flight by the percentage **set forth in** Attachment 3.3.2 that is applicable **depending on** point of sale and type of fare. The **Party under whose airline** code the ticket **is issued shall be entitled** to retain the amount by **which the fare it receives** from the passenger **exceeds the amount** due to the Operating Carrier, and **the** Party under whose

airline code the ticket is issued shall be responsible for any **applicable** travel agency commissions, ticket handling fees and credit card fees.

**Before** the end of the initial twelve-month period and each succeeding twelve-month period, the Parties shall meet and determine mutually agreeable terms apportioning revenues for services covered by this Section 3.3.2 for the next twelve months. Based on the experience of the Alliance at that time, the Parties shall consider whether, with respect to round-trip travel, the Off-Line Distribution Fee should be applicable only to instances where one Party provides all of the transportation in both directions; whether the appropriate percentages for **calculating the** Off-Line Distribution Fee, as set forth in Attachment 3.3.2, should be modified; **and** whether application of the Off-Line Distribution Fee should be restricted **or** modified with respect to service on specific routes.

**3.3.3 Connecting Services at Intercontinental Gateways.**  
The Passenger Fare (as defined below) shall be prorated **as** follows where both Parties share in the connection<sup>8</sup> for **the** intercontinental transportation of a passenger:

(i) **Where the transportation** consists of through fares between North America (including **the** United States, Canada and Mexico) and **Germany**, and such transportation is provided **exclusively** by the **Parties**, the **Passenger** Fare shall be prorated under **the terms** and conditions of the Special Prorate Agreement between the Parties, effective **as of the** first day of the calendar **month following** the Effective Date, as it may be amended from time to time.

(ii) In **all other cases** in which both Parties share in **the connections** for the

intercontinental transportation of a passenger, the Passenger Fare shall be prorated under the terms and conditions of the Multilateral Prorate Agreement, effective September 1, 1993, as it may be amended from time to time.

The Operating Carriers will receive the respective amounts provided *for* in (i) and (ii) above regardless of the airline designator code or flight number that appears on the coupon.

3.3.4 **Passenger Fare.** For purposes of this Section 3.3, "Passenger Fare" shall mean the fare charged to *the* passenger, except that if a **Code Shared Flight** is ticketed under ~~the~~ airline code of the Code Sharing Carrier at a fare which is ~~less~~ than the lowest fare that is valid for interlining between the Parties on that flight for the fare category for which the ticket ~~was~~ issued ("**Interlinable Fare**"), then the Passenger Fare for the ~~entire~~ itinerary that includes the Code Shared Flight shall be deemed to be the lowest **Interlinable Fare** for the relevant fare category. **The Interlinable Fare** shall be determined by reference to ~~the~~ tariff filings made **by** the Parties with the **relevant** governmental authorities except as follows:

(i) **Either Party may** propose, by telex in form to be mutually agreed by the **Parties**, that ~~the other~~ Party **accept** a prorate concession or **fare lower** than the lowest **Interlinable Fare** in **any** fare category on **specific origin-destination** markets. The other Party **shall** be obligated to accept or reject any such **proposal**, by telex in form to **be mutually agreed** by the **Parties**, by 3 p.m. (Central European ~~time~~ in cue of fares originating in Europe; Central U.S. time in case of ~~fares~~ originating in the U.S.1 on the next **business** day after receipt of the ~~proposal~~. If ~~the~~ proposal is accepted or no

timely **response** is given, the amount proposed **shall** be treated as an Interlinable Fare. The **Parties** shall attempt to implement these procedures as efficiently as possible to ensure timely and competitive fare offerings so as to maximize the strength of the Alliance.

(ii) Any **fare** offered by one Party in a **specific** origin-destination market shall qualify as an **Interlinable** Fare if offered by the other Party acting **as** the Code Sharing Carrier in the same **origin-destination** market.

- 3 . 4 **CRS Booking Fees** The Operating Carrier for each segment of a Code Shared Flight shall pay the **booking** fee, if any, that a CRS **system** charges for that segment of the Code Shared Flight. **The Parties shall** attempt to arrange for **direct** billing of **these fees** to the Operating Carrier. If direct billing cannot be arranged, the **Parties** shall meet jointly to find a mutually agreeable cost-effective accounting process for handling such fees. At the end of the initial **twelve-month period** under this arrangement for payment of booking fees, and on each anniversary thereafter, **the Parties** shall jointly review the operational **experience and** economic impact (including any **fees** incurred for billing by CRS **systems**) of the **arrangement and shall implement** a mutually agreeable arrangement for **the succeeding twelve months**. If the **Parties** are unable to **reach** a mutually agreeable solution at the end of any **such period, the arrangement** then in effect for the **payment** of booking **fees** shall continue until the **Parties agree** on a new arrangement.

#### **ARTICLE 4: SERVICE STANDARDS**

4.1 **Service Standards.** The Operating Carrier shall provide all passengers of the Code Sharing Carrier on Code Shared flights with service (including ground and on-board **service**) on **equal terms** with its own passengers. The Operating Carrier shall **operate Code Shared Flights**, including in-flight service, in accordance **with its own service** standards.

The obligations of the Parties with respect to airport customer service and access to airport clubs or lounges may be further defined for each location in a separate agreement.

## ARTICLE 5: SYSTEM REQUIREMENTS

5.1 Access to Seat Inventory Information. United and Lufthansa shall each develop, at its own cost, automated procedures to provide, beginning on the open for sale date in Phase Two (as such date is determined by the mutual agreement of the Parties), the Code Sharing Carrier with the Operating Carrier's seat inventory information (with availability information equivalent to information provided to third-party CRS Systems (i.e., CRS Systems other than the Operating Carrier's own CRS System)) to enable the Code Sharing Carrier to sell seats under the Code Sharing Carrier's airline designator code for all Code Shared Flights. Access provided through such automated procedures shall be subject to the Operating Carrier's inventory management powers set forth in Section 2.3 above.

5.2 Display of Code Shared Flights Each Party shall investigate the technical feasibility and commercial desirability of positioning, in its internal passenger reservation display made available to its own reservation and sales agents and in any Party-specific marketing display made available to travel agents through any CRS system directly or via direct access, all non-stop Code Shared Flights and connecting flights of each Party with respect to which at least one segment is a Code Shared Flight. Such displays would include Code Shared Flights under airline designator codes of both Parties, displayed on the same level according to fair and equal principles to be agreed upon by the Parties. Each Party shall complete its investigation by January 30, 1994, and the Parties shall implement such displays as promptly as reasonably possible thereafter on a reciprocal basis to the extent each Party deems it technically feasible and commercially desirable to do so.

5.3 Automation of Operations Interface. United and Lufthansa shall each develop, at its own cost, mutually agreeable systems enhancements to automate the operations interface between the Parties as set forth in this Article 5. Automated interface shall include among other things passenger bookings, cancellations, special service request information, seat maps and seat assignments, EDIFACT through check-in

and electronic post-departure messages. Wherever applicable, the Interface shall be based on IATA standards.

## ARTICLE 6: MARKETING AND DISTRIBUTION

6.1 Harmonization of Marketing. United and Lufthansa shall preserve their separate brand identities but shall harmonize their marketing as mutually agreed to stress the service benefits of the Alliance in their respective markets. Prior to the Effective Date, the Parties shall develop marketing graphics reflecting both **Parties'** brand identities, to be used in connection with their Alliance activities. Neither Party shall use any trademark, tradename, logo, or service mark of the other **Party** without the prior consent of the other **Party**.

6.2 Joint Advertising and Sales Programs. The Parties shall include mutually agreeable references to the Alliance in all marketing and promotional activities undertaken in support of their code-share operations after the Effective Date. United and Lufthansa shall jointly develop plans for mutually agreeable joint advertising and sales **programs** including the sharing of sales and reservations facilities, joint employee training, joint travel agent incentive commission programs, the establishing of mutual general sales agency relationships and joint product development.

## ARTICLE 7: FREQUENT FLYER PROGRAMS

7.1 Frequent Flyer Participation. Subject to applicable laws and regulations, **United shall participate (and cause United Express to participate) in Lufthansa's Miles & More program, and Lufthansa shall participate (and cause Lufthansa Express and Lufthansa Cityline to participate) in United's MileagePlus program, pursuant to the terms of this Agreement and one or more frequent flyer program participation agreements that reflect the principles set forth on Attachment 7.1. Each Party shall be entitled to terminate its participation in the other Party's program on 12 months prior notice in the event that this Agreement is terminated.**

7.2 Obligations of United. **United shall cease to participate in any frequent flyer program of, and shall terminate the participation in its frequent flyer program by, any air carrier registered as a flag carrier or a national carrier of a European country or by the European Community,**



except for carriers listed on Attachment 7.2, with effect on the earliest date permitted by existing contractual obligations and by applicable law. Thereafter, United shall not enter into or maintain any frequent flyer arrangements with any carrier registered as a flag carrier or a national carrier of a European country or by the European Community unless otherwise agreed by the Parties.

7.3 Obligations of Lufthansa Lufthansa shall cease to participate in the frequent flyer program of, and shall terminate the participation in its frequent flyer program by, any air carrier registered as a flag carrier or a national carrier in the United States, except for carriers listed on Attachment 7.3, with effect on the earliest date permitted by existing contractual obligations and by applicable law. Thereafter, Lufthansa shall not enter into or maintain any frequent flyer arrangements with any carrier registered as a flag carrier or a national carrier in the United States unless otherwise agreed by the Parties.

7.4 Use of Frequent Flyer Data. United and United Express shall not use the information obtained from frequent flyer program usage by passengers of Lufthansa, Lufthansa Express or Lufthansa Cityline for any purpose other than operation of the frequent flyer programs, and any use of such information shall be subject to all applicable data protection laws. Lufthansa, Lufthansa Express and Lufthansa Cityline shall not use the information obtained from frequent flyer program usage by passengers of United and United Express for any purpose other than operation of the frequent flyer programs, and any use of such information shall be subject to all applicable data protection laws.

7.5 Accrual and Award Structure. United and Lufthansa agree to implement the accrual and award structure set forth in Attachment 7.5 and to review the accrual and award levels of their respective frequent flyer programs from time to time with the intent to maintain the integrity of each program while still remaining competitive with other frequent flyer programs in their respective markets. Each Party shall remain free to modify the terms of its frequent flyer program from time to time.

7.6 Accrual. Prior to January 1, 1994, MileagePlus miles may be accrued on United flights, Code Shared flights, and those Lufthansa flights originating in the U.S., and Miles & More miles may be accrued on Lufthansa flights and Code Shared flights. As of January 1, 1994, MileagePlus miles and Miles & More miles may be accrued on any United or Lufthansa flight. The Operating Carrier shall pay the Code Sharing Carrier at

a mutually agreed rate for all miles accrued in the frequent flyer program of the Code Sharing Carrier as a result of miles travelled on a flight operated by the Operating Carrier. United elite bonuses (Premier) shall not be accrued on flights operated by Lufthansa and Lufthansa elite bonuses shall not be accrued on flights operated by United.

7.7 **Redemption.** Prior to January 1, 1994, MileagePlus miles may be redeemed on United flights and those Lufthansa flights originating in the U.S., and Miles & More miles may be redeemed on Lufthansa flights. As of January 1, 1994, Mileage Plus miles and Miles & More miles may be redeemed on any United or Lufthansa flight. The Code Sharing Carrier shall pay the Operating Carrier a mutually agreed rate for all miles redeemed in the frequent flyer program of the Code Sharing Carrier on a flight operated by the Operating Carrier.

7.8 **Other Carriers.** The Parties agree to evaluate the desirability and feasibility of entitling other carriers' flights that operate under a Party's airline designator code, or under that Party's and the other carrier's airline designator code, to participate in the frequent flyer program of the other Party pursuant to separate contractual arrangements.

## **ARTICLE 8: FACILITIES, GROUND HANDLING AND MAINTENANCE**

8.1 **Shared Airport Facilities.** United and Lufthansa shall share facilities and services at airports served by Code Shared Flights to the extent commercially and logistically reasonable. The Parties acknowledge that existing leaseholds with third parties, physical constraints and operational constraints may render the sharing of facilities commercially or logistically unreasonable or impossible. The Parties will negotiate in good faith to define mutually agreeable terms and conditions applicable to the following situations:

8.1.1 Use by the Operating Carrier of existing terminal facilities of the Code Sharing Carrier.

8.1.2 Provision of services to passengers of the Code Sharing Carrier on Code Shared Flights by an Operating Carrier in its own terminal facilities.

8.2 Other Shared facilities and Services. In addition, shared facilities and services may include joint passenger handling, freight warehousing, crew transportation or flight operations.

8.3 Signs at Shared Facilities. Wherever possible, shared facilities shall display functional and accurate **signage** identifying each **Party** and the services it provides, including the brand identity of each Party and the marketing graphics developed jointly by the **Parties**.

8.4 Aircraft Ground Handling Services. The Parties shall explore possibilities for each Party to **perform** aircraft ground handling services for the other **Party**, including aircraft de-icing, fueling and aircraft maintenance and overhauling, at appropriate **locations**.

8.5 Terminal Facilities. Each Party shall use its best efforts to arrange for terminal facilities at gateway airports in order to facilitate passenger handling and connections between **the two Parties'** flights with the objective of achieving **convenience** equal to on-line connections. In particular, the Parties shall provide **facilities** at Chicago (O'Hare), Frankfurt and Washington (**Dulles**) as set forth on Attachment 8.5.

## **ARTICLE 9: FEEDER SERVICE**

9.1 Coordination of London Services. Lufthansa will use reasonable **efforts** to adjust its **schedule** of **flights from Frankfurt, Munich, Hamburg and Berlin** to London to **connect with trans-Atlantic** flights operated by United **between** London and **points in the** United States.

9.2 Seats on London/Germany Feeder Flights. Lufthansa will make **available** to United for **sale** under its **"UA"** airline designator code the **numbers of seats** on Lufthansa flights **between London and Frankfurt, Munich, Hamburg, and Berlin** that **are specified on** Attachment 9.2 (but without **the option** for **advance seat assignments**), **subject to the** terms and **conditions** set forth on Attachment 9.2. **United** will **pay** Lufthansa for all such **seats at the rates set forth on Attachment 9.2.**

## ARTICLE 10: IMPLEMENTATION

10.1 Implementation Plan. The Parties shall proceed with implementation of this Agreement in accordance with the Implementation Plan set forth on Attachment 10.1. In the event the Parties are unable to meet one or more of the deadlines set forth in the Implementation Plan, they shall meet to establish new deadlines.

10.2 Public Announcement. The initial public announcement of the Alliance as set forth hereunder shall be made jointly by senior executives of United and Lufthansa in a mutually agreed format. Such announcement shall be prepared jointly and shall be made as soon as practicable after the execution of the Agreement.

## ARTICLE 11: JOINT ALLIANCE COMMITTEE

11.1 Establishment and Composition. On the date of execution of this Agreement, the Parties shall create a Joint Alliance Committee (the "Alliance Committee"), which shall consist of, at a minimum, an officer and a staff executive of each Party.

11.2 Frequency of Meetings. The Committee shall hold its initial meeting no later than thirty (30) days after the Effective Date and at least every other month until October 1994. Thereafter it shall meet at least twice a year. In addition to regularly scheduled meetings, it shall meet in accordance with the dispute resolution provisions in Article 14 hereof, and it shall meet within fifteen (15) days upon the request of either Party.

11.3 Responsibilities. The Alliance Committee shall review the planning and implementation of the cooperation between the Parties and shall also consider opportunities for expanding the scope of the Alliance. The Alliance Committee shall make final decisions on marketing harmonization, joint system development, and other provisions set forth hereunder and in all subsequent amendments and attachments to this Agreement. Such decisions shall be regarded as an integral part of this Agreement and shall be reflected in written amendments hereto.

## ARTICLE 12: TERM

12.1 Initial Term. This Agreement shall take effect on the Effective Date and shall continue in effect thereafter until April 1, 2004, unless previously terminated in accordance with **Article 13** hereof.

12.2 Renewal. This Agreement shall be automatically renewed for successive two-year periods unless either Party gives notice of non-renewal to the other Party at least twelve months prior to expiration of the term hereof or any renewal hereof.

## ARTICLE 13: TERMINATION

13.1 Insolvency. If either **Party** (the "Insolvent Party") is granted relief under the bankruptcy code or the insolvency laws of any state, province or nation, **and** if this Agreement has not **otherwise** terminated, then the other Party may, at its option, suspend all further performance of this Agreement until the Insolvent Party **assumes or** rejects this Agreement pursuant to the relevant provisions of the applicable **bankruptcy** code or any similar or successor provision under **any** other applicable **law**. Any such suspension of **further** performance by the **other Party** pending the Insolvent Party's assumption **or** rejection shall not **be** a breach of this Agreement and shall not **affect** the other Party's right to pursue or **enforce any of** its rights under this Agreement or otherwise.

13.2. Major Change in Ownership. **Either Party may terminate** this Agreement upon six months prior **notice** to the other **Party**, in the event of a major **change in the corporate ownership of the other Party**. For the purposes of this section, a 'major change in corporate ownership' means any of the following events if they occur after the Effective Date: (i) the direct or indirect beneficial ownership of

(ii) the direct or indirect beneficial ownership of more of the voting stock of either Party is acquired or becomes held by any or (iii) the sale, mortgage, lease or other transfer in one or more transactions, not in the ordinary course of business, of

13.3 Assignment In the event that there is, by operation of law or otherwise, an assignment of this **Agreement or of any** of the rights,

duties or obligations created by this Agreement with respect to one of the Parties, without the prior consent of the other Party, such other Party may terminate this Agreement upon 180 days prior notice to the Party with respect to which the assignment has occurred.

13.4 Termination for Convenience. Either Party may terminate this Agreement upon notice to the other Party, such notice to be given no earlier than twelve months after the Effective Date. Such termination shall be effective on the last day of the first traffic season ending at least six months after receipt of such notice by the other Party. Any such termination shall not affect any contractual commitments between the Parties then in effect covering such matters as ground facilities and frequent flyer program participation, except as expressly provided herein or in those contracts.

13.5 Material Breach In the event of a material breach of the terms and conditions of this Agreement, the non-breaching Party may send a notice of default to the breaching Party. The notice shall describe the alleged material breach in as much detail as possible. If neither Party decides to have recourse to arbitration as specified hereunder, and the breaching Party has not cured such default within thirty (30) days following such notice, then the non-breaching Party has the right to terminate this Agreement by sending to the breaching Party a notice of termination of this Agreement to be effective immediately. Such notice of termination shall relieve the non-breaching Party of any further obligation to perform hereunder and shall not constitute waiver of any other right or remedy which the non-breaching Party may have.

13.6 Absence of Government Approvals. This Agreement shall terminate as provided in Section 15.2 if the Parties fail to obtain one or more of the approval & authorizations, exemption? or licenses required by, and by the dates set forth in, that Section.

#### **ARTICLE 14: GOVERNING LAW AND DISPUTE RESOLUTION**

14.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of New York, without reference to the choice of law provisions thereof.

14.2 Dispute Resolution. The Alliance Committee shall attempt to resolve any disputes that arise concerning contract interpretation

or the performance of either Party. The Alliance Committee shall meet within ten (10) days upon notice by either **Party** that a dispute exists. If the Alliance Committee cannot resolve any such dispute within seven (7) days following the first day of such meeting, the dispute shall be referred to the senior management of United and to one or more members of the executive board of Lufthansa, who shall meet personally or by telephone within five (5) days. If no resolution is reached within three (3) days following the first day of such meeting, either Party may refer the matter to **arbitration** as specified in Section 14.3 below.

14.3 Arbitration. After completing the procedure set forth in Section 14.2 above, either Party may refer any dispute arising under or relating to this Agreement to arbitration. All disputes arising **out** of or relating to the Agreement shall be finally settled by arbitration. The arbitration shall be conducted in London, U.K. in English in accordance with IATA Resolution 780, "Form of Interline Traffic Agreement".

14.4 Specific Performance. The **Parties** hereby **expressly acknowledge** the uniqueness of the **benefits** to be derived from this Agreement and the likely inadequacy of damages to **afford** fully satisfactory relief and therefore agree that the failure of one Party to perform this Agreement in any material **respect** shall entitle the other Party to enforce performance of this Agreement by **seeking** an order from the arbitrators compelling the defaulting Party to perform its obligations hereunder. Each Party fully agrees that if it is the Party against which such order for specific performance is sought, it shall not directly **or** indirectly contest the availability or propriety of such remedy under the circumstances of the case.

## **ARTICLE 15: GOVERNMENTAL APPROVALS; CONFIDENTIALITY**

15.1 Cooperation. The Parties shall cooperate fully and shall individually and collectively obtain **all necessary** government approvals required for the implementation of any **and** all of **the** provisions of this Agreement.

15.2 Condition of Implementation. The obligations set forth in this Agreement are **expressly** conditioned on each Party's ability to obtain all governmental **approvals, authorizations, exemptions, or licenses** required for performance hereunder by March 1, 1994, **or such later date as** is mutually agreed by the **Parties**. If the Parties fail to **obtain** all such approvals, authorizations, exemptions or licenses (**except** ones whose absence has no

significant adverse effect on either **Party**) by such date, this Agreement shall terminate and be of **no further** force and effect. In addition, this Agreement shall terminate and be of no further force and effect if Lufthansa and United do not receive the approval of the U.S. Department of Transportation to engage in the activities contemplated hereunder by January 31, 1994, or such later date as is mutually agreed by the Parties. The obligations of the Parties with respect to the Agreement **shall** be suspended to the extent that any required **approval**, authorization, exemption or license, after being granted, is subsequently revoked or materially and adversely altered.

15.3 Adjustment of ~~Agreement~~. In the event that any necessary government approval is **subsequently** revoked or materially and adversely altered, the Alliance Committee shall meet in an **effort** to adjust the terms of this Agreement in an equitable manner and continue the Alliance in accordance with the original intention<sup>8</sup> of the **Parties**.

#### 15.4 Confidentiality

##### 15.4.1 Limitation on Disclosure and Use of Information.

Except in any **proceeding** to enforce any of the provisions of this Agreement, neither Party will, without the prior consent of the other, use, publicize or disclose to any third party, either **directly** or indirectly, any of the following (hereinafter **● Confidential Information**):

- (i) this **Agreement** or any of the terms or conditions of **this Agreement**; or
- (ii) **any confidential or** proprietary information or data, **either oral or written**, received from and **designated as such** by the disclosing carrier.

15.4.2 ~~Response to Legal Process.~~ **c a r r i e r** is served with a subpoena or other legal process requiring the production or disclosure of any Confidential Information, than that **carrier, before** complying, will **immediately notify the non-disclosing** carrier and the non-disclosing carrier shall have a **reasonable** period of time to intervene and **contest disclosure or** production.



**15.4.3 Action Upon Termination.** Upon termination of this Agreement, all Confidential Information, including any copies thereof made by the receiving Party, must be returned to the disclosing carrier or **destroyed**.

**15.4.4 Exchanged Data.** Neither Party shall use information or data provided by the other Party (whether or not designated confidential or proprietary) in connection with this Agreement except in fulfillment of its obligations hereunder.

#### **ARTICLE 16: FORCE MAJEURE**

Neither carrier will be liable for delays or failure in performance under this Agreement caused by acts of **God**, war, strikes, labor disputes, work **stoppage**, fire, acts of government or **any** other event beyond the control of that carrier.

#### **ARTICLE 17: ATTACHMENTS PART OF THE AGREEMENT**

The Attachments **to** this Agreement **are** integral **parts** thereof, and shall have the same force and **effect** as if **included** in the body of the Agreement.

#### **ARTICLE 18: SEVERABILITY**

Except as provided in **Article 15**, in the event that any one or more of the provisions of this Agreement **shall be determined to** be invalid, unenforceable or illegal, such invalidity, **illegality and** unenforceability shall not **affect** any other provision of this **Agreement**, and the Agreement shall be **construed as** if such invalid, illegal **or unenforceable** provision had never **been** contained in this Agreement.

#### **ARTICLE 19: HEADINGS**

The headings contained in **this Agreement** **are** inserted purely as a matter of convenience and neither form **an operative part of** it nor are to be used in interpreting its meanings.

## **ARTICLE 20: GENERAL INDEMNIFICATION**

Except as otherwise provided herein, each Party shall indemnify and hold harmless the other Party, its directors, officers, employees, and agents from all liabilities, damages, losses, claims, suits, judgments, costs, and expenses, including reasonable attorneys' fees, directly or indirectly incurred by the other **Party** as the result of **my claims** that arise out of or in connection with the performance or **failure** of performance of the indemnifying Party's obligations hereunder. In addition, each Party shall indemnify and hold harmless the other Party, its directors, officers, employees, and agents from all liabilities, damages, losses, claims, suits, judgments, costs, and expenses, including reasonable attorneys' fees, directly or indirectly incurred by the **other Party** as the result of **any** claims by third **parties** that arise out of or in connection with **any** products or services received from or supplied by **the** indemnifying Party **in connection** with this Agreement.

## **ARTICLE 21: EXCLUSION OF CONSEQUENTIAL DAMAGES**

NEITHER **PARTY SHAU SE** UABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR **CONSEQUENTIAL DAMAGES**, INCLUDING LOST REVENUES, LOST PROFITS, OR LOST **PROSPECTIVE** ECONOMIC ADVANTAGE, WHETHER OR NOT FORESEEABLE AND WHETHER OR NOT **BASED ON CONTRACT**, TORT, **WARRANTY CLAIMS** OR OTHERWISE IN **CONNECTION WITH THIS AGREEMENT**, AND/OR THE **PRODUCTS OR SERVICES PROVIDED** HEREUNDER, AND EACH **PARTY** HEREBY RELEASES AND WAIVES ANY **CLAIMS AGAINST THE OTHER CARRIER** REGARDING SUCH **DAMAGES**.

## ARTICLE 22: NOTICE

Notices, demands, consents, approvals and any other communication required or permitted under this Agreement shall be in writing and given to the following person:

For United:

United Air lines, *Inc.*  
P.O. Box (EXOVQ) 66100  
Chicago, Illinois 60666  
U . S . A .  
Attn: Vice President--Resource Planning

For Lufthansa:

Deutsche Lufthansa AG  
Lufthansa Basis  
FRAEW  
60546 Frankfurt  
Attn: Senior Vice President, the Americas

Either Party may change the above name and/or address used for it after providing ten (10) days notice to the other Party. Notices shall be deemed given when received if transmitted by, mail or overnight courier. Notices transmitted by teletype or facsimile shall be deemed given when sent if transmitted before 4:30 p.m. local time of the addressee, but shall be deemed given on the next day if so transmitted after 4:30 p.m. local time of the addressee.

## ARTICLE 23: INDEPENDENT CONTRACTORS

The Parties are independent contractors and nothing in this Agreement is intended or shall be construed to create or establish the relationship of partners or of a joint venture between the Parties.

## ARTICLE 24: NO THIRD-PARTY BENEFICIARIES

This Agreement is for the benefit of the Parties and is not intended to confer any rights or benefits on any third party.

ARTICLE 25: AMENDMENTS

This Agreement may be modified only by a written instrument duly executed by or on behalf of each Party.

ARTICLE 26: COUNTERPARTS

This Agreement may be executed in one or more counterparts all of which taken together will constitute one and the **same** instrument.

UNITED AIR LINES, INC.

DEUTSCHE LUFTHANSA AG

By: \_\_\_\_\_

Name: Stephen M. Wolf

By: \_\_\_\_\_

Name: **Jürgen** Weber

Title: Chairman of the Board  
and Chief Executive Officer

Title: Chairman of the  
Executive Board

**ARTICLE 25: AMENDMENTS**

This Agreement may be modified only by a written instrument duly executed by or on behalf of each Party.

**ARTICLE 28: COUNTERPARTS**

This Agreement may be executed in one or more counterparts all of which taken together will constitute one and the same instrument.

UNITED AIR LINES, INC.

By: 

Name: John C. Pope

Title: President and Chief Operating Officer

DEUTSCHE LUFTHANSA AG

By:  20.6.1993

Name: Jörgen Weber

Title: Chairman of the Executive Board

- Subject to Executive Board approval

ATTACHMENT 2.2.1

PEASE ONE CODE SHARED FLIGHTS

LH\*

UA Flights To/From

Chicago/ Denver  
Minneapolis  
Cleveland  
Seattle  
Indianapolis

Washington/ Phoenix  
Orlando  
New Orleans  
Philadelphia  
Tampa

San Francisco/San Diego  
Chicago/Frankfurt  
Washington/Frankfurt

UA\*

LH Flights To/From

Frankfurt/ Munich  
Berlin  
**Dusseldorf**  
Hamburg  
**Stuttgart**  
**Vienna** (if technically feasible)  
**Nuremburg**  
**Cologne**  
**Hanover**

Chicago/Frankfurt  
**Washington/Frankfurt**  
**Atlanta/Frankfurt**  
**San Francisco/Frankfurt**

# Chicago

Flight Codeshare		Departure	Arrival	Aircraft	Days
Number	Number				
UA 941	LH —	FRA 1055	ORD 1350	B 63	Daily
UA 905	LH —	CLE 1410	ORD 1431	B 733	Daily
UA 1839	LH —	IND 1417	ORD 1445	B 732	Daily
UA 762	LH —	MSP 1400	ORD 1513	B 733	Daily
UA 430	UA3501	FRA 1300	ORD 1515	B 747	Daily
UA 114	LH —	SEA 0951	ORD 1534	B 757	Daily
UA 942	LH —	DEN 1235	ORD 1600	D 741	Daily

Flight Codeshare		Departure	Arrival	Aircraft	Days
Number	Number				
UA 994	LH —	ORD 1645	IND 1845	B 722	o Sa
UA 994	LH —	ORD 1645	INT 1845	B 733	ex Sa
LH 431	UA3500	ORD 1700	FRA 0815	D 747	Daily
ITA 609	LH —	ORD 1700	DEN 1835	DC 10	Daily
UA 940	LH —	ORD 1705	FRA 0900	B 763	Daily
UA 333	LH —	ORD 1730	SEA 1948	B 722	Daily
UA 300	LH —	ORD 1744	CLE 2007	B 733	Daily
UA 217	LH —	ORD 1744	MSP 1909	B 735	ex Sa
UA 371	LH —	ORD 1845	MSP 2015	B 722	o Sa

# Washington D.C.

Flight Codeshare		Departure	Arrival	Aircraft	Days
Number	Number				
UA 917	LH —	FRA 1130	IAD 1300	B 763	Daily
UA 916	LH —	TPA 1400	IAD 1601	B 722	Daily
UA 1148	LH —	PHX 1005	IAD 1603	B 757	Daily
LH 418	UA3503	FRA 1310	IAD 1610	A 340	Daily
UA 1878	LH —	MSY ran	IAD 1618	B 722	Daily
UA 1271	LH —	PHL 1520	IAD 1614	B 733	Daily
UA 950	LH —	MCO 1410	IAD 1619	B 757	Daily

Flight Codeshare		Departure	Arrival	Aircraft	Days
Number	Number				
UA 1924	LH —	IAD 1735	PHL 1835	B 722	Daily
ITA 916	LH —	IAD 1710	FRA 0710	B 763	Daily
UA 253	LH —	IAD 1735	PHX 2029	D 757	Daily
UA 951	LH —	IAD 1735	MCO 1946	B 757	Daily
UA 1195	LH —	IAD 1735	MSY 1920	B 732	Daily
UA 917	LH —	IAD 1745	TPA 1959	B 722	Daily
LH 419	UA3502	IAD 1750	FRA 0730	A 340	Daily

# San Francisco

Flight Codeshare		Departure	Arrival	Aircraft	Days
Number	Number				
LH 454	UA3505	FRA 1010	SFO 1245	B 747	Daily
UA 1434	LH —	SAN 1124	SFO 1255	B 735	Daily

Flight Codeshare		Departure	Arrival	Aircraft	Days
Number	Number				
LH 455	UA3504	SFO 1445	FRA 1030	B 747	Daily
UA 1071	LH —	SFO 1612	SAN 1739	B 733	Daily

# Atlanta

Flight Codeshare		Departure	Arrival	Aircraft	Days
Number	Number				
LH 444	UA3507	FRA 0955	ATL 1330	A 340	ex Sa

Flight Codeshare		Departure	Arrival	Aircraft	Days
Number	Number				
LH 444	UA3506	ATL 1655	FRA 0725	A 340	ex MoWe

\* Schedule subject to change pursuant to terms of -Alliance Agreement.

# United Lufthansa Code Share

## Arrivals into London

## Local Time

<u>Flight Number</u>	<u>Codeshare Number</u>	<u>Departure</u>	<u>Arrival</u>	<u>Aircraft</u>	<u>Days</u>
LH4030	UA3551	TXL 0800	LHR 0855	B732	Daily
LH4030	UA3553	HAM 0855	LHR 0930	A320	Daily
LH4004	UA3555	FRA 0830	LHR 1000	A300	Daily
LH4020	UA3557	MUC 1030	LHR 1130	A320	ex Su
LH4020	UA3557	MUC 1030	LHR 1130	B733	o Su

## Departures from London

## Local Time

<u>Flight Number</u>	<u>Codeshare Number</u>	<u>Departure</u>	<u>Arrival</u>	<u>Aircraft</u>	<u>Days</u>
LH4053	UA3550	LHR 0755	MUC 1040	B733	Daily
LH4043	UA3552	LHR 0900	FRA 1130	A300	Daily
LH4063	UA3554	LHR 1000	TXT 1145	B732	Daily*
LH4041	UA3556	LHR 1030	HAM 1255	A320	Daily

\* Subject to Slot confirmation



Departures from Frankfurt
Local Time

Flight Number	Codeshare Number	Departure	Arrival	Aircraft	Days
LH 194	UA3500	FRA 0815	CGN 0900	B 732	ex SaSu
LH 190	UA3600	FRA 0815	CGN 0900	B733	o Sa
LH 190	UA3600	FRA 0815	CGN 0900	B735	o Su
LH 194	ITA3602	FRA 1310	CGN 1355	B732	ex SaSu
LH 204	UA3602	FRA 1310	CGN 1355	B733	o SaSu
LH 200	UA3604	FRA 0815	DUS 0900	R733	Daily
LH 202	UA3606	FRA 0930	DUS 1015	A310	Daily
LH 206	UA3608	FRA 1320	DUS 1405	A310	Daily
LH 012	UA3610	FRA 0800	HAM 0905	A310	ex Su
LH 012	UA3610	FRA 0800	HAM 0905	B733	o Su
LH 020	ITA3612	FRA 0900	HAM 1005	A300	Daily
LH 024	UA3614	FRA 1000	HAM 1105	A320	ex SaSu
LH 032	UA3616	FRA 1200	HAM 1305	A310	o SaSu
LH 072	UA3618	FRA 0800	HAJ 0855	B732	Daily
LH 074	UA3620	FRA 0915	HAJ 1010	R734	Daily
LH 080	UA3622	FRA 1300	HAJ 1355	D734	Daily
LH 118	UA3624	FRA 0800	MUC 0855	B733	ex SaSu
LH 118	UA3624	FRA 0800	MUC 0855	B734	o SaSu
LH 122	UA3626	FRA 0900	MUC 0955	B734	ex Su
LH 122	UA3626	FRA 0900	MUC 0955	D733	o Su
LH 130	UA3628	FRA 1000	MUC 1055	R734	ex Su
LH 130	ITA3628	FRA 1000	MUC 1055	B733	o Su
LH 138	UA3630	FRA 1200	MUC 1255	R733	ex Sa
LH 142	UA3630	FRA 1400	MUC 1355	B734	o Sa
LH 362	UA3632	FRA 0930	NITF 1015	R733	Daily
LH 366	UA3634	FRA 1315	NITF 1400	B733	Daily
LH 390	UA3636	FRA 0815	STR 0900	B735	ex Sa
LH 390	UA3636	FRA 0815	STR 0900	R732	o Sa
LH 392	ITA3638	FRA 1310	STR 1355	A320	ex SaSu
LH 392	UA3638	FRA 1310	STR 1355	B732	o SaSu
LH3430	UA3640	FRA 0830	VIE 0950	A320	Daily
LH 3436	UA3642	FRA 1240	VIE 1400	A320	Daily
LH2406	UA3644	FRA 0830	TXL 0935	A300	Daily
LH2404	UA3646	FRA 0930	TXL 1035	A300	Daily
LH2408	UA3648	FRA 1030	TXL 1135	R733	ex SaSu
LH2408	ITA3648	FRA 1030	TXL 1135	A300	o SaSu
LH2402	UA3650	FRA 1130	TXL 1235	A300	ex SaSu
LH2414	UA3650	FRA 1230	TXL 1335	A300	o SaSu

Continental Flight Schedule

Continental Flight Schedule

Flight Number	Destination	Departure	Arrival	Aircraft	Days
LH 292	CGN	0705	FRA 0755	A300	ex MoSu
LH 293	CGN	0705	FRA 0755	B733	o MoSu
LH 295	CGN	1030	FRA 1120	B732	ex SaSu
LH 295	CGN	1030	FRA 1120	B733	o Sa
LH 295	CGN	1030	FRA 1120	B735	o Su
LH 209	DUS	0735	FRA 0815	A320	ex SaSu
LH 209	DUS	0735	FRA 0835	D733	o Sa
LH 209	DUS	0735	FRA 0835	B735	o Su
LH 207	DUS	1050	FRA 1150	A310	Daily
LH 013	HAM	0705	FRA 0815	A300	ex TuSu
LH 019	HAM	0805	FRA 0915	A320	ex SaSu
LH 019	HAM	0805	FRA 0915	B733	o Su
LH 021	HAM	0845	FRA 0955	A320	ex SaSu
LH 029	HAM	1045	FRA 1155	A300	Daily
LH 075	HAI	0800	FRA 0855	B732	Daily
LH 077	HAI	1045	FRA 1140	B734	Daily
LH 119	MUC	0745	FRA 0830	B734	ex Su
LH 119	MUC	0745	FRA 0850	B733	o Su
LH 127	MUC	0845	FRA 0950	B734	ex SaSu
LH 135	MUC	1045	FRA 1150	B734	Daily
LH 361	NUE	0700	FRA 0750	A310	ex SuMo
LH 361	NUE	0700	FRA 0750	A320	o SuMo
LH 367	NTE	1050	FRA 1140	D735	Daily
LH 391	STR	0655	FRA 0730	A310	ex SuMo
LH 391	STR	0655	FRA 0750	B734	o SuMo
LH 391	STR	1050	FRA 1140	B735	ex Sa
LH 393	STR	1050	FRA 1140	B732	o Sa
LH3451	VTE	0730	FRA 0900	A320	Daily
LH3449	VTE	1035	FRA 1205	A320	Daily
LH2453	TXL	0725	FRA 0830	A300	Daily
LH2411	TXL	0825	FRA 0930	B733	ex SaSu
LH2413	TXL	0925	FRA 1030	A300	ex SaSu
LH2419	TXL	1025	FRA 1130	A300	Daily

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ATTACHMENT 2.3.1

PHASE ONE -- BLOCKS OF SEATS\*

<u>UA Blocks on LH</u>	<u>F</u>	<u>C</u>	<u>Y</u>
INTRA-GERMANY			
ATL-FRA			
SFO-FRA			
ORD-FRA			
IAD-FRA			

<u>LH Blocks On UA</u>	<u>F</u>	<u>C</u>	<u>Y</u>
INTRA-U.S.			
ORD-FRA			
IAD-FRA			

\*The designated blocks of seats may be changed by the mutual agreement of the Parties.

\*\*

ATTACHMENT 3.3.2

PERCENTAGES **FOR** CALCULATING  
OFF-LINE DISTRIBUTION **FEE**

<u>Point of Sale</u>	<u>Normal Fares</u>	<u>Special Fares</u>
U.S.A.	[REDACTED]	[REDACTED]
Germany	[REDACTED]	[REDACTED]
Other	[REDACTED]	[REDACTED]

(All rates charged will be reviewed every 12 months. Either carrier may also request a review and renegotiation at any time upon 30 days notice, and either party may request specific rates for any country beyond the U.S. or **Germany**. Rates **in** effect at the time of any such request will **remain** in effect until new rates are agreed or the twelve-month **period ends**, whichever occurs first.)

ATTACHMENT 7.1

FREQUENT FLYER PROGRAM PARTICIPATION PRINCIPLES

1. Lufthansa and United agree to work together in the spirit of the Alliance Agreement to conclude mutually agreed upon reciprocal frequent flyer **agreements**.
2. Lufthansa and United shall make each other their "Preferred Partner" worldwide.
3. Both Parties **agree** to work toward mutually agreeable terms and conditions **for** frequent flyer agreements for Lufthansa's participation in United's **MileagePlus** Program and United's participation in the Lufthansa **Miles & More** program, to be executed by January 1, 1994.
4. Both Parties agree to work **toward** reaching agreement on and implementing a mutually beneficial award program that will meet competitive considerations and allow **program integrity** to be maintained by each Party.
5. Both Parties agree to work toward establishing mutually acceptable terms and condftione of each **other's** frequent flyer program in order to **offer** simplification and standardization between programs where appropriate.

ATTACHMENT 7.2

CONTINUING EUROPEAN  
FREQUENT FLYER PROGRAMS (UNITED)

1. The following [REDACTED] may continue to participate in United's Mileageplus program:

[REDACTED]

2. United will continue to participate in the frequent flyer program of the following [REDACTED]

[REDACTED]

United shall not agree to any material change in the type or form of cooperation concerning frequent flyer programs [REDACTED]

[REDACTED]

Nothing in the Alliance Agreement or this Attachment 7.2 shall prohibit (i) United from permitting members in its frequent flyer program to accrue and redeem mileage on flights operated by other carriers under United's airline code; or (ii) permitting other carriers to accrue and redeem mileage in their frequent flyer programs for flights operated by United under the other carrier's airline code.

ATTACHMENT 7.3

CONTINUING AND NEW U.S.  
FREQUENT FLYER PROGRAMS(LUFTHANSA)

1. The following [REDACTED] may participate in Lufthansa's Miles & More program:

[REDACTED]

2. Lufthansa will continue to participate in the frequent flyer program of the following [REDACTED]

[REDACTED]

Lufthansa shall *not* agree to any material change in the type or form of cooperation concerning frequent flyer programs [REDACTED]

[REDACTED]

Nothing in the Alliance Agreement or this Attachment 7.3 shall prohibit (i) Lufthansa from permitting members in its frequent flyer program to accrue and redeem mileage on flights operated by other carriers under Lufthansa's airline code; or (ii) permitting other carriers to accrue and redeem mileage in their frequent flyer program for flights operated by United under the other carrier's airline code.

[REDACTED]

- - -

ATTACHMENT 7.5

ACCRUAL MILES AND AWARD STRUCTURE

1. Accrual Miles. Accrual by **LH Miles & More** program members on UA and accrual by **UA's MileagePlus** program members on LH means those miles accrued in either program, including bonus miles and extra miles, pursuant to reciprocal frequent flyer agreements as a result of travel on either carrier.
2. Award Structure.
  - a) **LH Miles & More Awards:**

35,000 Miles	Coach roundtrip travel within the U.S. (except Hawaii) and Canada
50,000 Miles	Coach roundtrip travel between U.S. mainland or Canada and Hawaii, Bermuda and the Caribbean
60,000 Miles*	Coach roundtrip travel between Europe and the U.S. or Canada during off-peak season.**
90,000 Miles*	Coach roundtrip travel between Europe and the U.S. or Canada during peak season.**
  - b) **UA's MileagePlus Awards:**

20,000 Miles	Coach roundtrip travel within Europe (except Portugal, Greece, Turkey, Cyprus, Malta, Iceland, Baltic States, Ukraine, Belorussia and European Russia)
30,000 Miles	Coach roundtrip travel between Germany, Canary Islands, Portugal, Greece, Turkey, Cyprus, Malta, Iceland, Baltic States, Ukraine, Belorussia and European Russia
40,000 Miles	Coach roundtrip travel between Europe and the U.S. or Canada during off-peak season**
60,000 Miles	Coach roundtrip travel between Europe and the U.S. or Canada during peak season.**



c) Further **award levels** may be set forth in the frequent **flyer** agreements between **LH** and **UA**.

• \* single **award offering** 90,000 **miles** for coach roundtrip travel between Europe and the U.S. **or Canada** (peak **or** off-peak season) may be implemented by **LH** as an alternative to these two awards.

• \* Peak season and off-peak season will be defined in **UA's** and **LH's** reciprocal **frequent flyer program** agreements.

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## ATTACHMENT 8.5

### TERMINAL FACILITIES

#### 1. Dulles Airport (Washington, D.C.):

-- UA will attempt to accommodate **LH** flights at gates in the CA terminal area, and attempt to give the **LH** flight priority equal to an incremental UA European flight of comparable aircraft size at the same time of day.

-- UA will work with **LH** to expedite the transfer of passengers between UA and **LH** aircraft at Duller Airport. When a gate is not available for a **LH** departing flight, UA will provide mobile lounges to transport connecting passengers from the UA terminal to the **LH** aircraft, on terms and conditions to be specified in a ground handling agreement.

#### 2. O'Hare Airport (Chicago):

-- UA will make available to **LH** the following facilities at O'Hare Airport:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

\* For a period of three hours prior to the scheduled departure of a **LH** flight, UA will designate [REDACTED] of its international check-in positions in [REDACTED] as **LH** check-in positions [REDACTED]. A separate queue, apart from the UA queue, will be established for each check-in position. UA and **LH** may station check-in personnel at each of the **LH** check-in positions. The UA personnel will handle the computer processing required for customer check-in, but the **LX** personnel may participate in all other aspects of the check-in process. UA will provide workstation hardware for the check-in positions that will have the capability to provide a bridge to the Lufthansa system for full **LX** check-in

functionality. LH will permit UA passengers to be checked in at LH check-in positions (in the queues for the appropriate fare categories) when the LH check-in positions are not busy; provided, however, that LH check-in positions will be used to service LH passengers from all fare categories before accepting overflow from UA.

- \* LH passengers may use UA lounges as provided for the applicable class of service. LH may provide staffing, as mutually agreed, for UA lounges.

\*\*\* UA will attempt to accommodate LX flights at gates in [REDACTED], giving the LH flight priority equal to UA's own European flights of comparable aircraft size at the same time of day. If UA cannot accommodate a flight in [REDACTED] it will accommodate the flight in [REDACTED]

-- As an alternative to the above, LX shall have the option of being accommodated in contiguous facilities located entirely in [REDACTED]. Such facilities would include:

- Exclusive check-in facility with-counters
- Office/back room space
- ★ Lounge
- ★ Gate/boarding area

For facilities in [REDACTED], LH may provide all of its own passenger contact handling.

-- Ground handling and facility use/refurbishment relative to either option or combination of options will be handled under a separate facility use and ground handling contract between LH and UA and will be subject to receipt of necessary approvals from airports, cities, and other third parties.

### 3. Frankfurt Airport:

-- LH will attempt to accommodate UA flights at [REDACTED] in the LH terminal area, giving the UA flight priority equal to an incremental LH U.S. flight of comparable aircraft size at the same time of day.

-- For a period of three hours prior to the scheduled departure of a UA flight, LH will designate up to [REDACTED] counter position(s) in the LX terminal area to handle the check-in of UA

flights. LH and CA may station check-in personnel at each of the UA check-in positions. LH will offer to UA an option to have LH personnel handle the computer processing required for customer check-in, but the UA personnel may participate in all other aspects of the check-in process.

-- UA passengers may use LH lounges as provided for the applicable class of service. LH may provide staffing, as mutually agreed, for UA lounges.

-- LH will attempt to arrange for charges incurred for ramp handling and cleaning of, and similar services provided for, CA aircraft at the Frankfurt Airport to be billed to LH (at the applicable LH rate including any discounts that may apply) and LH will bill UA for all such charges at cost.

ATTACHMENT 9.2London/Germany Feeder Flights

<u>Flights</u>	<u>Blocks of Seats</u>	<u>Net Rates</u>
FRA-LON, v.v.*	35 per day, each way	[REDACTED]
BER-LON, v.v. (0855 Arrival; 1025 Departure)	25 per day, each way	[REDACTED]
MUC-LON, v.v. (1130 Arrival; 0755 Departure)	30 per day, each way	[REDACTED]
HAM-LON, v.v. (0930 Arrival; 1030 Departure)	25 per day, each way	[REDACTED]

1. Code Sharing, Blocks and Rates UA will offer for sale under its UA designator **code blocks of seats on a single** roundtrip flight daily between city pairs as set forth above. The **arrangement for code sharing, blocking seats and fixing rates charged will be in effect for three years (36 months), and will be reviewed after nine months from inception for changes in size of blocks and rates for the following twelve months.** Such changes will be negotiated in good faith on the basis of changes in **circumstances, costs, exchange rates, inflation, and other marketplace factors.**
2. Overbooking.
  - a) UA may **occupy all space allocated to it on the London/Germany feeder flight** by up to **15%** for each allocated **minimum block of economy seats.** This percentage shall **be adjusted** annually to reflect actual no-show rates of UA passengers. UA shall **not be entitled** to overbook any **business class seats or economy seats** that it may obtain in addition to **the minimum allocated blocks.**
  - b) LH will **be responsible for handling (at its expense) overbooked UA passengers who are denied boarding** according to the **same procedure** LH employs for overbooked LX passengers.
  - c) UA shall pay LH, based on standard IATA prorate procedures or such other basis as **the Parties may mutually**

determine, for overbooked UA passengers who are accommodated on an LH flight in space other than the minimum block allocated to UA.

d) LH shall be entitled to accommodate **LH** passengers in space from the minimum block allocated to UA that is not actually used by UA passengers. UA shall nevertheless be obligated to pay **LH** for the entire minimum allocated block and shall not be entitled to any credit, reimbursement or other compensation from LH for accommodation of **LH** passengers.

3. **Payment.** UA shall be obligated to pay **LH** for all economy block seats or space allocated to UA on **LH's** London/Germany feeder flights as set forth above regardless of whether UA sells those seats or space.
4. **Reduction of Seats.** UA reserves the right to unilaterally reduce the **minimum block** of seats on **LH** flights between the cities of Hamburg, Munich, Frankfurt and Berlin by up to five seats per day for **any** entire month and **city pair** by providing LH with a **90-day advance** written notice of a reduction. Any such reduction by the Code Sharing Carrier (UA) does not constitute a **permanent** change to the minimum block size (as outlined in this Attachment **9.2**), but applies only to the month/markets covered by **the 90-day** written notice.
5. **Request for Additional Seats.** The Code Sharing Carrier (UA) shall be entitled to **request additional seats** for any code shared flight **between** London and the cities of Hamburg, Munich, Frankfurt and Berlin (without request for advance seat reservation), but the Operating Carrier shall retain sole and absolute discretion **whether or** not to grant such request. UA shall pay for any **passengers** carried under the UA designation that are in **excess** of the **minimum** block using standard **IATA prorate procedures** (or a **fixed rate** to be agreed **upon** by both parties.)

3. Business Class Seats. In addition, LH will make available to UA two seats in business class (per day and direction) on code shared flights between the four city pairs listed above. UA will pay for any business class passengers carried under the UA designator using standard IATA prorate procedures.

\* Implementation subject to mutual agreement of the parties.  
\*\* Applies to transportation in Economy (M) class.

ATTACHMENT 10.1IMPLEMENTATION PLANI. JOINT SERVICE FEATURESA. Customer Throuah Check-In.

1. Implement fully automated through check-in between LH and WA, such through check-in to include, but not be limited to, itineraries that include Code Sharing. Services rendered **will** include:

- Seat Assignments
- Boarding **Passes**
- Frequent Flyer Credit
- Through Baggage Check-In and **Security** Clearance as provided by **existing IATA EDIFACT** technology.

Segments under the "UA" designator code **will** include flights operated by UA **Express** carriers. EDIFACT technology **will be** used.

**LH AND UA WILL COMPLETE A REVIEW OF THESE SERVICES FOR AN EFFECTIVE DATE OF [REDACTED] AND JOINTLY PERIODICALLY REPORT PROGRESS AS MUTUALLY AGREED.**

Action:

<b>LH</b>	<b>Juergen Starck</b>	<b>FRAJLH</b>	<b>49 69 696 6240</b>
<b>UA</b>	<b>Jay Shirman</b>	<b>HDQKAUA</b>	<b>708 952-5984</b>

2. **UA and LH will devise an interim product to provide advance seat reservations for trans-Atlantic flights and to allow customer through check-in to facilitate codeshare for a limited number of flights and city pairs until a fully automated system-wide through check-in can be provided. This interim product may include check-in options depending on location and flights.**

**TO BE IMPLEMENTED ON [REDACTED] FOR THE CITY PAIRS SET FORTH ON ATTACHMENT 2.2.1.**



Action:

LH	Juergen Starck	FRAJKLH	49 69 696 6240
	Guido Georg	FRAOJLH	49 69 696 2760
UA	Jay Shirman	HDQKAUA	708 952-5984
	Kevin Wiggins	HDQCSUA	708 952-5393

B. Improved Scheduling.

1. Complete a review of all practical LH/UA schedule improvement possibilities to enhance interline connections. Establish a plan for ongoing, regularly scheduled review to optimize future schedule changes by either party.
2. Complete a review of potential new joint service [REDACTED] and [REDACTED]
1. TO BE COMPLETED BY [REDACTED]
2. TO BE COMPLETED BY [REDACTED]

Action:

LH	Werner Rutzky	FRAEALH	49 69 696 5644
	Norbert Schafer	FRAEALH	49 69 696 5645
	Wolfgang Hartmann	FRALYLH	49 69 696 2262
UA	Ian Bamber	HDQASUA	708 952-6039

3. Establish as practical a UA/LH (v.v.) subminimal connection times as required and practical to enhance connection at agreed points. UA and LH shall attempt to establish as practical connection times with each other's flight equal to their own on-line connection times.

TO BE COMPLETED FOR IMPLEMENTATION ON [REDACTED]

Action:

LH	Dirk Liess	FRAEWLH	49 69 696 90488
UA	Kevin Wiggins	HDQCSUA	708 952-5393

C. Code Share Schedules.

1. Schedule data for planning purposes will be exchanged between the LX and UA scheduling departments using,

initially, the IATA SSIM STD and, by mid-term, the IATA SSM STD in establishing data transmission facilities.

2. The respective scheduling departments of LH and UA will notify each other about changes in their individual schedules affecting Code Share Flights. It is agreed that this information shall be passed on as soon as the need for a schedule change has occurred and the extent of the change has been determined.

Action:

LH	Celia Roser	FRALYLH	49 69 696 5680
UA	Dorothy Janousek	HDQASUA	708 952-6987

D. Inflight Service Coordination.

The carriers will establish a forum to exchange ideas and suggestions on Inflight Services with particular emphasis on Code Share Flights to help provide consistency for the customer.

TO BE COMPLETED BY [REDACTED] AND READY FOR IMPLEMENTATION ON [REDACTED]

Action:

LH	Dr. Maria Hanne	FRAEOLH	49 69 696 5427
UA	John Delapa	HDQLAUA	708 952-4651

E. Private Club Exchange Privileges.

LH and UA will evaluate the implementation of club procedures, on a broad interface basis, to allow reciprocal entry privileges. This would allow a Red Carpet Club member with a valid same day, LH ticket to enter an LH facility and an LH member with a valid, same day, UA ticket to enter a CA Club.

EVALUATION TO BE COMPLETED BY [REDACTED] FOR IMPLEMENTATION, AS MUTUALLY AGREED, BEGINNING [REDACTED]

Action:

Lx	Ruediger Czermin	FRAEALH	49 69 696 5716
UA	Jean Patterson	HDQDXUA	708 952-5791

F. Tour Products.

LH and UA intend to evaluate:

1. Use of **UA's** in-house tour company, United Vacations, as **LH's** tour operator within the U.S. and other agreed areas for products, including cars and hotels.
2. Creation of triangle tours between mutually agreed points using the services of **both** carriers.
3. Providing of net rates to United Vacations by **LH**.

**EVALUATION AND IMPLEMENTATION PLAN TO BE COMPLETED BY**  
**[REDACTED] FOR IMPLEMENTATION IN [REDACTED] PROGRAMS.**

Action:

<b>LH</b>	U.S.: Alexander Arafa	<b>NYCUALH</b>	516 266-9472
	Germany: Paul Schwaiger	<b>FRAEPLH</b>	49 69 636 97007
<b>UA</b>	Joanne Guadoso	<b>HDQLSUA</b>	708 <b>952-5340</b>

G. Seamless Transfer Service.

The carriers will evaluate and develop proactive procedures and facilities to ensure expeditious **transfer of passengers** and baggage between the respective service8 at the designated connection points, with particular emphasis on Code Share **Flights**. The service feature8 to be evaluated for implementation will include:

1. Direct **transfers of** passenger baggage from aircraft side **as** required and practical.
2. Distribution at origin airport of **transit instructions/information (maps, FIDS, etc.)**.
3. **LH/UA staffing** of connection counter(s) in the **carriers' respective international and domestic terminals**.

**TO BE COMPLETED BY [REDACTED] FOR IMPLEMENTATION ON**  
**[REDACTED]**

Action:

<b>LH</b>	Dirk Lies8	<b>FRAEWLH</b>	49 69 696 90488
	Ruediger Czermin	<b>FRAEALH</b>	49 69 696 <b>5716</b>

UA Kevin Wiggins HDQCSUA 708 952-5393

II. CODE SHARING

Create requirements for interconnecting the CRS and passenger reservations systems of LH and UA.

TO BE COMPLETED BY [REDACTED] FOR IMPLEMENTATION ON THE OPEN-FOR-SALE DATE FOR PHASE 1 AND 2 CODE SHARING.

Action:

LH Hans Muller . FRAJDLH 49 69 696 5420  
UA Jay Shirman HDQXUA 708 952-5984

III. JOINT PROMOTION

A. Advertising/Promotion.

Create a joint logo to be used for all joint activities.

Create a plan and budgst to support ths implementation of through check-in, seamless transfr and other value added products as mutually agreed. Costs for this will be split on a 50/50 basis.

TO BE COMPLETED BY [REDACTED] FOR IMPLEMENTATION BEGINNING [REDACTED]

Action:

LH Ruediger Czermin FRAEALH 49 63 696 5716  
UA Trudy Havens HDQADUA 708 952-7039

B. Frequent Flyer Program.

Implement mutually beneficial programs as mutually agreed to create LH/UA passenger loyalty:

- Full reciprocal participation.
- Handling of Frequent Flyer accrual information on LH/UA Cods Share Flights to provide consistency.

Action:

LH	Michael Grande	FRAJCLH	49 69 696 90318
	Klaus Van Bellen	FRAEALH	49 69 696 5741
UA	Gayle Bock	HDQDXUA	708 952-4087

C. Communication Plan.

Create a joint communication plan to promote **the** new products and service enhancements to **the commercial** travel trade and media **and employee** groups at both carriers.

TO BE COMPLETED FOR IMPLEMENTATION BEGINNING [REDACTED]

Action:

LH	Ruediger Czermin	FRAEALH	49 69 696 5716
UA	John Kiker	HDQPRUA	708 952-4162

IV. DISTRIBUTION/AUTOMATION

A. Display Improvement.

1. UA and LH will **coordinate implementation** of display requirements and **enhancements** as **agreed in the** Alliance Agreement.
2. UA and LH will investigate **improvements** in internal displays and **party-specific** marketing displays as set forth in **the Alliance Agreement.**

TO BE COMPLETED BY:

[REDACTED]

Action:

LH	Fred Schuck	FRAJTLH	49 69 696 3267
UA	Cindy Steeb	HDQSSUA	708 952-7558

3. Entry Of Schedules, Fares, and Related Data.

1. Each carrier **is** responsible for the update of its respective data in all affiliated CRS systems worldwide. Each carrier shall establish the necessary contractual arrangements with such affiliated CRS systems to accomplish the foregoing.
2. **LH** will use its commercially reasonable efforts to facilitate appropriate data base entry and display in the AMADEUS system in a **manner** to be mutually agreed.
3. **UA** will use its commercially reasonable efforts to facilitate appropriate data base entry and display in the APOLLO and GALILEO systems in a **manner** to be mutually agreed.

TO BE IMPLEMENTED BY [REDACTED]

Action:

<b>LH</b>	<b>Fred Schuck</b>	<b>FRAJTLH</b>	49 69 696 3267
<b>UA</b>	<b>Cindy Steeb</b>	<b>HDQSSUA</b>	708 952-7558

C. Preferential Selling/Reservation Sales.

**LH** and **UA** will implement **programs** and incentives to motivate key **LH** and **UA** reservations personnel **to reciprocally sell** each carrier's product.

TO BE COMPLETED FOR IMPLEMENTATION BY [REDACTED]

Action:

<b>LH</b>	<b>Michael Diehl</b> <b>(Germany)</b>	<b>USFGRLH</b>	49 561 9933155
	<b>Wilfried Thewes</b> <b>(USA)</b>	<b>NYCUTLH</b>	516 296-9221
<b>UA</b>	<b>Marianne Diadone</b>	<b>HDQRZUA</b>	708 952-4833

D. Preferential Selling/Field Sales Staffs.

**LH** and **UA** will **create** a mutually agreeable **1993/94** joint sales plan to **maximize** incremental **revenue** generation in the U.S., European and Asia point of sale.

TO BE COMPLETED FOR IMPLEMENTATION EFFECTIVE [REDACTED]

Action:

LH	Juergen Buechy (Germany)	FRAEPLH	49 69 696 4800
	Alexander Arete (USA)	NYCUALH	516 286-9472
UA	Jeff Fulton (Europe)	HDQSSUA	708 <b>952-5752</b>
	<b>Marget</b> Bravos . (USA)	HDQSSUA	708 952-2524
	Lori Reich (USA)	HDQSSUA	708 952-4963
	<b>Roy Matsui</b> (Pacific)	HDQSSUA	708 <b>952-7386</b>

**V. JOINT OPERATIONAL PROGRAMS**

A. **Cargo.**

1. Prorates

**LH** and **UA** will implement an **expansion** of the current agreement to include mutually agreeable preferential **prorates**.

2. Automation (Cargo Plus 1)

As **• □ ■** as both **parties** mutually determine that it is technically fusible to do so, **UA** will consider entering **into** commercial negotiation<sup>8</sup> with PRAXON with the air of connecting **PRAXON** and **UA's** Cargo Plus 1 CRS system.

3. **ExpressPackage** Shipments

Evaluate a joint product between mutually agreed points.

4. Trucking

Evaluate opportunities to share trucking operations worldwide.

5. LH Purchase of Capacity on UA

Evaluate LH purchasing cargo capacity on selected UA transatlantic flights from Europe.

6. Facilities

Evaluate opportunities to share facilities and/or sales offices in selected locations.

TO BE COMPLETED BY:

[REDACTED]  
[REDACTED]  
[REDACTED]

Action:

LH	Wolfgang Schmitz	FRAFWLH	49 69 696 2160
UA	Paul Polsky	HDQSAUA	(708) 952-5828

B. Facility Sharing/Handling.

LH and UA intend to evaluate, when and where practical, in the U.S., Latin America, Asia and Europe, mutual ground handling and facility sharing opportunities to the extent permitted by local regulations and covenants and where doing so would provide efficient benefit to both parties. Each will provide the other a list of candidate locations and facilities for joint review. Any such handling services will be offered at current competitive market prices and, in so doing, will contractually undertake to maintain the other's established service standards.

REVIEW TO BE COMPLETED BY [REDACTED]

Action:

LH	Dirk Liess	FRAEWLH	49 69 696 90480
UA	Ron Hanson	HDQUSUA	708 9524629



C. CT3 Sharing/Representation.

LH and UA intend to evaluate this at mutually agreeable points to the extent permitted by local regulations and covenants. This will include all required **signage**.

**EVALUATION TO BE COMPLETED BY** [REDACTED]

Action:

<b>LH</b>	Anton Lill	<b>FRAEALH</b>	49 69 696 5707
<b>UA</b>	David Mitzner	<b>HDQRZUA</b>	708 952-5552

D. Aircraft Sac -

All contemplated common use of **facilities** or handling **are** subject to the carriers • establishing an aircraft security program which **satisfies** both **carriers'** aircraft security requirements.

Action:

<b>LH</b>	Dirk Liece	<b>FRAEWLH</b>	49 69 696 90488
<b>UA</b>	Rich Davis	<b>HDQVSUA</b>	708 952-5458

VI. UNITED COMMUTER CARRIERS

UA and **LH** will undertake jointly and **UA** will facilitate discussions **between UA Commuter Carriers, UA and LH** to expand mutually agreed applications of **the LH/UA Alliance** to include the UA Commuter **Carriers**. Such applications may include:

- **Schedule Coordination**
- **Code Sharing and Inventory Management** for code share
- **Passenger Through Check-in (manual)**
- **Seamless transfer** •
- **Inflight product coordination**
- **Signage at Shared Facilities**
- **Quality control**

TO BE COMPLETED BY [REDACTED]  
 [REDACTED] TO ALLOW OPEN FOR SALE ON MUTUALLY AGREED  
 CODE SHARE CITY PAIR8 CONCURRENT WITH PHASE 2 OF THE UA/LH  
 ALLIANCE AGREEMENT OR AS MUTUALLY AGREED.

Action:

LH	Norbert Schafer	FRAEALH	49 69 696 5645
UA	Carlos Chua	HDQNCUA	708 952-4702

#### VII. ACCOUNTING SYSTEMS

LH and UA will review internal accounting systems and methods used to manage overrides and incentive payments for retail and commercial accounts to determine how best to measure or ensure the following:

- \* Sales performance on code shared flights and elimination of overlap
- \* Monitor allocation of proration vueue block seat charges for Heathrow/Germany codeshare flights
- \* Implementation path for wholly off-line distribution fees
- \* Compliance with net ticketing restrictions

TO BE COMPLETED BY [REDACTED]

Action:

LH	Horst Kuether	HAMXLH	49 40 50 707453
UA	Bob Knauber	HDQSAUA	(708) 250-3427

#### VIII. REGULATORY COOPERATION

LH and UA will seek, jointly or individually as necessary, to secure all necessary governmental approvals, including but not limited to, exemptions, licenses, permits, • ♦♦♦♦♦ of authorization and other forms of authority from relevant authorities necessary to effectuate the contemplated operations, including codesharing.

Priorities will be:

1. United States/Germany/Austria and, subject to the conditions set forth in Section 2.2.1 of the Agreement, London/Germany.
2. UA and **LH** will review **future** cod8 share opportunities as they occur.

Action:

<b>LH</b>	Ulrich Schulte-Strathaus	<b>CGNCPLH</b>	49 221 826 2400 2330
<b>UA</b>	Cyril Murphy	<b>DCAGVLIA</b>	703 419-7513

#### **IX. FUTURE AREAS FOR COOPERATION**

**LH** and **UA** will **further evaluate the following areas** to assess the benefits which might **accrue from** joint cooperation:

1. **Purchasing of third party services.**
2. **Other automation opportunities.**
3. **Extension of Junior Flying Club privileges to UA junior passengers.**
4. **UA participation in LH's compartment contingents on ICE trains.**
5. **UA participation in the Air Plus program and Rail and Fly programs.**

Action:

<b>LH</b>	wunu Rutzky Norbert Schafer	<b>FRAEALH</b> <b>FRAEALH</b>	49 69 696 5644 49 69 696 5645
<b>UA</b>	Bruce Harris	<b>HDQMIUA</b>	708 952-6524

INTERNATIONAL PASSENGER  
REVENUE SHARING AGREEMENT

CONTRACT

119938

AGREEMENT, effective the 29th day of September, 1993, by and between UNITED AIR LINES, INC., a Delaware corporation with offices at 1200 E. Algonquin Road, Elk Grove Township, Illinois ("United"), and Deutsche Lufthansa Aktiengesellschaft, a corporation with offices at Von-Cable-Strasse 2-6, 50679, Cologne, Germany ("Carrier").

**Introduction:** United and Carrier each provide air transportation services to the public. When passengers traveling on a single itinerary are carried part way by United and part way by Carrier, and both United and Carrier participate in the fare paid (hereafter "Interline Travel"), United and Carrier will prorate the transportation charge for such Interline Travel in accordance with applicable published tariffs and procedures and the terms and conditions of this Agreement.

2. **Interline Coupons:** This Agreement governs only those passenger flight coupons that are both:

- (i) issued on the ticket stock of or the validating carrier being either United or Carrier, and
- (ii) regular "good for passage" flight coupons utilized for travel and billed pursuant to the terms and conditions of the Multilateral Prorate Agreement ("MPA"), including provisions and requirements thereof, and the Revenue Accounting Manual.

Such flight coupons are hereafter referred to as "Interline Coupons." The fare shown on each Interline Coupon is hereafter referred to as "Interline Revenue."

3. **Proration of Interline Revenue:** United and Carrier will prorate the Interline Revenue from those routes or segments specified in Attachment(s) AA-I, whether or not the Interline Travel includes other carriers or segments, in accordance with Attachment(s) AA I. Revenue from Interline Travel involving other air carriers, routes, or segments not specified on Attachment(s) AA-I, will be prorated in accordance with the provisions of the revenue sharing agreement applicable thereto, if any, or else with the provisions of the M.P.A. Tickets issued by either party for travel on another air carrier over a segment specified in Attachment(s) AA-I, and subsequently lifted by the other party hereto, will be prorated in accordance with this Agreement. All fares are those prevailing on date of ticket issuance. For connecting flights of the same carrier, where applicable, the through airfare will be used.

4. **Settlement:** Interline Coupons will be collected by United and Carrier and presented for payment

through the IATA Clearing House. Accounting settlement and payment of Interline Revenue will be in accordance with the applicable procedures of the IATA Clearing House, including adjustments for applicable Interline service charges, UATP contractor discount, and children's and infant's discounts, unless stated otherwise in an attachment to this Agreement.

5. **Term:** This Agreement applies to Interline Coupons issued after September 30, 1993, and through September 30, 1994. This Agreement may be terminated by either party at any time for convenience upon 30 days prior written notice to the other party. Unless otherwise specified in Attachment(s) AA-I, this Agreement governs Interline Coupons issued prior to expiration or earlier termination thereof.

6. **Force Majeure/Delays:** Neither party will be responsible for delays in performance caused by acts of God or governmental authority, civil disorder or unrest, strikes or labor disputes, or any other cause beyond the reasonable control of that party.

7. **Indemnification:** Each party (the "Indemnitor") will indemnify the other party, its officers, employees, and agents (collectively "Indemnitee(s)") against and hold each Indemnitee harmless from all claims, suits, judgments, losses, damages, or costs (including reasonable attorneys' fees and expenses) incurred by any Indemnitee as a result of claims by third parties regarding: (a) injury to or death of any person or damage to or destruction of any property resulting from the negligence of the Indemnitor or its officers, employees, or agents in performing under this Agreement, except to the extent caused by the negligence of any Indemnitee; or (b) the violation by the Indemnitor of any local, state, or federal law, order, regulation, or rule applicable to this Agreement or to the parties' performance hereunder.

8. **Termination:** A. If either party (the "Defaulting Party") fails to perform any of its duties or obligations under this Agreement, and that failure continues for ten days after written notice of such default from the other party, then this Agreement will terminate as of the expiration date of such notice period, without prejudice to any other rights or remedies the other party may have.

8. If either party (the "Defaulting Party") becomes insolvent; if the other party (the "Insecure Party") has evidence that the Defaulting Party is not paying its bills when due without just cause; if a receiver of the Defaulting Party's assets is appointed; if the Defaulting Party takes any step leading to its cessation as a going concern; or if the Defaulting Party either ceases or suspends operations for reasons other than a strike, then the Insecure Party may immediately terminate this Agreement on written notice to the Defaulting Party unless the Defaulting Party immediately gives adequate assurance, satisfactory to the Insecure Party, of the future performance of this Agreement. If bankruptcy proceedings are commenced with respect to the Defaulting Party and if this Agreement has not otherwise terminated, then the Insecure Party may suspend all further performance of this Agreement until the Defaulting Party assumes or rejects this Agreement pursuant to §345 of the Bankruptcy Code or any similar or successor provision. Any such suspension of further performance by the Insecure Party pending the Defaulting Party's assumption or rejection will not be a breach of this Agreement and will not affect the Insecure Party's right to pursue or enforce any of its rights under this Agreement or otherwise.

C. If any material provision of this Agreement is declared invalid by operation of law, this Agreement will terminate ten days thereafter unless otherwise agreed in writing by the parties.

9. Waiver: No waiver by either party of any default or breach by the other party of any provision of this Agreement will operate as or be deemed a waiver of any subsequent default or breach.

10. Confidential Information: Except in any proceeding to enforce the provisions of this Agreement, neither Party will disclose to any third party the financial terms of this Agreement, the terms contained in Attachment(s) AA-I, or any other confidential information of the

other party, including orders, forecasts, financial or marketing plans or data, or any data processing programs or procedures.

11. Assignment: If either party is merged with or acquired by another entity, the other party may terminate this Agreement without further notice. This Agreement may not be assigned or transferred in whole or in part, and any such assignment will be void and of no effect.

12. Relationship of The Parties: Nothing herein is intended or will be construed to establish any agency, partnership, or joint venture relationship between the parties.

13. Notices: Notices under the terms of this Agreement will be in writing and sent by prepaid certified mail, return receipt requested, or by telegram or telex, to the following addresses:

to United: United Air Lines, Inc.-HQMIUA  
P.O. Box 66100  
Chicago, Illinois 60666  
Attn: Director of Interline  
Marketing

to Carrier: Deutsche Luftverkehrs Aktiengesellschaft  
Vog-Cablens-Strasse 2-6  
50679, Cologne, Germany

Notices will be effective on the first business day following receipt thereof. Notices sent by certified mail will be deemed received on the date of delivery as indicated on the return receipt; notices sent by telegram or telex will be deemed received on the date transmitted.

14. Amendments: This Agreement may be changed, modified, or amended from time to time only by express written agreement of the parties executed by their authorized representatives.

15. Entirety of Agreement: This Agreement supersedes all prior oral or written representations or communications between the parties and, together with its Attachment(s) AA-I, constitutes the entire understanding of the parties, regarding the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties have agreed to and executed this Agreement by their authorized representatives on this \_\_\_\_ day of \_\_\_\_\_, 199\_\_.

Deutsche Luftverkehrs Aktiengesellschaft  
(Carrier)

UNITED AIR LINES, INC.

By \_\_\_\_\_  
Title \_\_\_\_\_

By \_\_\_\_\_  
Title \_\_\_\_\_

(3)

B. If either party (the "Defaulting Party") becomes insolvent; if the other party (the "Insure Party") has evidence that the Defaulting Party is not paying its bills when due without just cause; if a receiver of the Defaulting Party's assets is appointed; if the Defaulting Party takes any step leading to its cessation as a going concern; or if the Defaulting Party either ceases or suspends operations for reasons other than a strike, then the Insure Party may immediately terminate this Agreement on written notice to the Defaulting Party unless the Defaulting Party immediately gives adequate assurance, satisfactory to the Insure Party, of the future performance of this Agreement. If bankruptcy proceedings are commenced with respect to the Defaulting Party and if this Agreement has not otherwise terminated, then the Insure Party may suspend all further performance of this Agreement until the Defaulting Party assumes or rejects this Agreement pursuant to §365 of the Bankruptcy Code or any similar or successor provision. Any such suspension of further performance by the Insure Party pending the Defaulting Party's assumption or rejection will not be a breach of this Agreement and will not affect the Insure Party's right to pursue or enforce any of its rights under this Agreement or otherwise.

C. If any material provision of this Agreement is declared invalid by operation of law, this Agreement will terminate ten days thereafter unless otherwise agreed in writing by the parties.

**Waiver:** No waiver by either party of any default or breach by the other party of any provision of this Agreement will operate as or be deemed a waiver of any subsequent default or breach.

**Confidential Information:** Except in any proceeding to enforce the provisions of this Agreement, neither Party will disclose to any third party the financial terms of this Agreement, the terms contained in Attachment A-1, or any other confidential information of the

other party, including orders, forecasts, financial or marketing plans or data, or any data processing programs or procedures.

11. **Assignment:** If either party is merged with or acquired by another entity, the other party may terminate this Agreement without further notice. This Agreement may not be assigned or transferred in whole or in part, and any such assignment will be void and of no effect.

12. **Relationship of the Parties:** Nothing herein is intended or will be construed to establish any agency, partnership, or joint venture relationship between the parties.

13. **Notices:** Notices under the terms of this Agreement will be in writing and sent by prepaid certified mail, return receipt requested; or by telegram or telex, to the following addresses:

to United: United Air Lines, Inc.-ROOM 114  
P.O. Box 66100  
Chicago, Illinois 60666  
Attn: Director of Interline  
Marketing

to Carrier: Luftverkehrsgesellschaft  
von Saarbrücken-Strasse 2-6  
50679 Cologne, Germany

Notices will be effective on the first business day following receipt thereof. Notices sent by certified mail will be deemed received on the date of delivery as indicated on the return receipt; notices sent by telegram or telex will be deemed received on the date transmitted.

14. **Amendments:** This Agreement may be changed, modified, or amended from time to time only by express written agreement of the parties executed by their authorized representatives.

13. **Entirety of Agreement:** This Agreement supercedes all prior oral or written representations or communications between the parties and, together with its Attachment A-1, constitutes the entire understanding of the parties, regarding the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties have agreed to and executed this Agreement by their authorized representatives on this \_\_\_ day of \_\_\_\_\_, 199\_.

the Luftverkehrsgesellschaft  
(Carrier)

Frederick W. Reid  
Senior Vice President - The Americas

UNITED AIR LINES, INC.

*[Signature]*  
Title \_\_\_\_\_

PASSENGER REVENUE  
SHARING AGREEMENT  
United Contract No. 119938

**ATTACHMENT AA**

**APPLICATION:**

- A. UA revenue sharing contract number 109678 shall remain in effect with the following clarifications:
- 1) In regard to proration of UA North American sectors, the percentages mentioned in the Attachments shall apply to either UA First Class fares, fare basis **F** or UA Economy fares, and for clarification purposes UA Economy shall be applied to fare basis code **[REDACTED]**
  - 2) In addition, Section B, paragraphs Flg and **F3b** of the Airline Proration Directory-Passengers shall remain applicable as outlined in the relevant Attachments.
- B. It is understood that the following revenue sharing Attachments (A-I) shall be applicable once United and Lufthansa reach agreement on proration of special fares between North America and Germany and Attachments C and D being appropriately modified. They agree that they will negotiate in good faith and expeditiously, and in connection with such negotiations United and Lufthansa agree that proration of special fares shall:
- 1) Eliminate Section **B**, paragraphs Flg and **F3b** of the Airline Proration Directory-Passengers, year round.
  - 2) In regard to proration of UA North **American** sectors, proration of Economy shall apply to **[REDACTED]** fare basis codes.
  - 3) **United's prorate share during** Peak and Shoulder **seasons shall be negotiated** but shall not be less than **[REDACTED]** fare. During Basic season **United's prorate share shall be** negotiated but shall not be less than **[REDACTED]**
  - 4) Upon agreement pursuant to this paragraph B, paragraph A above will no longer pertain and contract number 109678 will no longer have effect.
- C. Further, Attachment I, ~~Miscellaneous Administration Provision~~, will be effective upon the commencement of this Agreement.

PASSENGER REVENUE  
SHARING AGREEMENT  
United Contract No. 119938

**ATTACHMENT AA**

D. Further, the body of the agreement shall be and hereby is amended as follows:

- 1) Paragraph 13 shall also include the following address for notices to Lufthansa:

Deutsche Lufthansa AG  
Lufthansa Basis

**FRAEW**

60546 Frankfurt

Attn: Senior Vice President, the Americas

- 2) Paragraph **15** shall begin with the following phrase:  
"Except as specified in Attachment **AA**,"



PASSENGER REVENUE  
SHARING AGREEMENT  
United Contract No. 119938

**ATTACHMENT A**

**FARE TYPES:**

First Class, Connoisseur Class and Normal/Restricted Economy Class fares.

**MARKETS:**

All United markets in the United States, Canada, Mexico and San Juan in which both United and Lufthansa participate in the airfare charged between Germany and North America and the **gateways** of international travel utilized are within Germany and/or North America.

**TICKETS:**

UA & LH only.

**PRORATION:**

First Class: United's prorated share shall be [REDACTED]  
percent of UA's First Class fare [REDACTED]

Connoisseur Class: United's prorated share shall be [REDACTED]  
percent of UA's [REDACTED]  
[REDACTED]. Ride in United's domestic [REDACTED]

Economy Class: United's prorated share shall be [REDACTED]  
percent of UA's Economy Class fare [REDACTED]

Percentages shown in this agreement will be applied to fares as published in PIPPS based on the date of ticket issue. When amounts are not shown in PIPPS, the data may be taken from the ATPCO Memorandum Tariff using the value from the cutoff date of the PFM-P. When amounts are not shown in either PIPPS or ATPCO, the data may be taken from the base amounts in the Prorate Factor Manual-Passenger (PFM-P).

**COMMISSION:**

Interline Service Charge shall be applicable.

**GENERAL:**

Applicable to United Express service.

PASSENGER REVENUE  
**SHARING AGREEMENT**  
United Contract No. 119938

**ATTACHMENT B**

**FARE TYPES:**

First Class, Business Class and Normal/Restricted Economy Class fares.

**MARKETS:**

All Lufthansa markets in Germany in which both United and Lufthansa participate in the airfare charged between Germany and North America and the gateways of international travel utilized are within Germany and/or North America.

**TICKETS:**

UA & LX Only.

**PRORATION:**

**First Class:** Lufthansa's prorate share shall be [REDACTED] percent of LH's [REDACTED].

**Business Class:** Lufthansa's prorate share shall be [REDACTED] percent of LH's [REDACTED]. Ride in Lufthansa's [REDACTED].

**Economy Class:** Lufthansa's prorate share shall be [REDACTED] percent of LH's [REDACTED].

Percentages shown in this agreement will be applied to fares as published in PIPPS based on the date of ticket issue. When amounts are not shown in PIPPS, the data may be taken from the ATPCO Memorandum Tariff using the value from the cutoff date of the **PFM-P**. When amounts are not shown in either PIPPS or ATPCO, the data may be taken from the base amounts in the **Prorate Factor Manual-Passenger (PFM-P)**.

**COMMISSION:**

Interline **Service** Charge shall be applicable.

**GENERAL:**

Applicable to **sectors** flown by DW (Lufthansa City Line) flight numbers **5000** through 5999.

**FARE TYPES :**

Special fares: **Any** fare type other than First Class, Business Class, Normal/Restricted Economy, Visit USA (both flat rate and point to point), Round-The-World, Military, Travel Industry/Reduced Rates and Seaman Discount Fares.

**MARKETS:**

All United markets in the United States, **Canada**, Mexico and San Juan in which both United and Lufthansa participate in the airfare charged between Germany and North <sup>America</sup> and the gateways of international travel utilized are within Germany and/or North America.

**TICKETS:**

UA & LB only.

**PRORATION:**

If Special fare travel occurs during **either Peak or Shoulder season, United's prorate share shall be [REDACTED] percent of United's [REDACTED]**. If Special fare travel occurs during **Basic season, United's prorate share shall be [REDACTED] percent of United's [REDACTED]**

**Exception:** In the markets listed below, United's Prorate share shall be the following one way gross amounts:



<b><u>Proration Seasons:</u></b>	<b><u>Eastbound</u></b>	<b><u>Westbound</u></b>
Peak	01Jun-30Sep	15Jun-14Aug
Shoulder	01Apr-31May 01Oct-31Oct 11Dec-24Dec	01Apr-14Jun 15Aug-14Oct 13Dec-24Dec
Basic	01Nov-10Dec 25Dec-31Mar	15Oct-12Dec 25Dec-31Mar

**PRORATION:**

Percentages shown in this agreement will be applied to fares as published in PIPPS based on the date of ticket issue. When amounts are not shown in PIPPS, the data may be taken from the ATPCO Memorandum Tariff using the value from the cutoff date of the PFM-P. When amounts are not shown in either PIPPS or ATPCO, the data may be taken from the base amounts in the Prorate Factor Manual-Passenger (PFM-P).

**COMMISSION:**

Interline Service Charge shall be applicable.

**GENERAL:**

Applicable to United Express service.

Special fares on UA North American sectors shall be booked in ● class.

PASSENGER REVENUE  
SHARING AGREEMENT  
United Contract No. 119938

**ATTACHMENT D**  
Page 1

**FARE TYPES:**

special fares: Any fare type other than First Class, Business Class, Normal/Restricted Economy, Visit USA (both flat rate and point to point), Round-The-World, Military, Travel Industry/Reduced Rates and Seaman Discount Fares.

**MARKETS:**

All Lufthansa markets in Germany in which both United and Lufthansa participate in the airfare charged between Germany and North America and the gateways of international travel utilized are within Germany and/or North America.

**TICKETS:**

UA & LH only.

**PRORATION:**

If Special fare travel occurs during either Peak or Shoulder season, Lufthansa's prorate share shall be [REDACTED] percent of Lufthansa's [REDACTED]. If Special fare travel occurs during Basic season, Lufthansa's prorate share shall be [REDACTED] percent of Lufthansa's [REDACTED].

<b><u>Proration Seasons:</u></b>	<b><u>Eastbound</u></b>	<b><u>Westbound</u></b>
Peak	01Jun-30Sep	15Jun-14Aug
Shoulder	01Apr-31May	01Apr-14Jun
	01Oct-31Oct	15Aug-14Oct
	11Dec-24Dec	13Dec-24Dec
Basic	01Nov-10Dec	15Oct-12Dec
	25Dec-31Mar	25Dec-31Mar

Percentages shown in this agreement will be applied to fares as published in PIPPS based on the date of ticket issue. When amounts are not shown in PIPPS, the data may be taken from the **ATPCO** Memorandum Tariff using the value from the cutoff date of the PFM-P. When amounts are not shown in either PIPPS or ATPCO, the data may be taken from the base amounts in **the** Prorate Factor Manual-Passenger (PFM-P).

PASSENGER **REVENUE**  
SHARING AGREEMENT  
United Contract No. 119938

ATTACHMENT D  
Page 2

**COMMISSION:**

Interline Service Charge shall be applicable.

**GENERAL:**

Applicable to sectors flown by DW (Lufthansa City Line)  
flight numbers **5000** through 5999.

Special fares on **LH** domestic **sectors** shall be booked in ●  
class.

PASSENGER REVENUE  
SHARING AGREEMENT  
United Contract No. 119938

**ATTACHMENT E**

**FARE TYPBS:**

Lufthansa Business Class to United First Class Upgrade  
**Program: Applicable to passengers ticketed with** fare basis  
[REDACTED] or with fare  
basis [REDACTED] when traveling on [REDACTED] type air fares between Area 2  
and Area 3 via Area 1, may be booked confirmed space in the  
First Class compartment of any UA domestic flight.

**MARKETS:**

Any United domestic market (United States, Canada, Mexico-  
and San Juan) provided Lufthansa is the transatlantic  
carrier and both United and Lufthansa participate in the  
airfare charged between Germany and North America or Germany  
and Area 3 via Area 1 and the gateways of international  
travel utilized are within Germany and/or North America.

**TICKETS:**

UA & LH only.

**PRORATION:**

United's prorate share shall be [REDACTED] percent of UA's [REDACTED]  
[REDACTED]

If First Class space is unavailable and the passenger rides  
in either domestic [REDACTED] or [REDACTED]  
[REDACTED], proration shall be in accordance with Attachment A.

Percentages shown in this agreement will be applied to fares  
as published in PIPPS based on the date of ticket issue.  
When amounts are not shown in PIPPS, the data may be taken  
from the ATPCO Memorandum Tariff using the value from the  
cutoff date of the PFM-P. When amounts are not shown in  
either PIPPS or ATPCO, the data may be taken from the base  
amounts in the Prorate Factor Manual-Passenger (PFM-P).

**COMMISSION:**

Interline **Service** Charge shall be applicable.

**GENERAL:**

Applicable to United Express service.

PASSENGER REVENUE  
SHARING AGREEMENT  
United Contract No. 119938

**ATTACHMENT F**

**FARE TYPES:**

LH/UA Joint Round the World Airfare.

**MARKETS:**

As defined in the Tariff.

**TICKETS:**

UA & LH Only.'

**PRORATION:**

Straight **rate** proration end to end according to the terms of the MPA, excluding provisos in section **G** of the APD-P.

**COMMISSION:**

Interline Service Charge shall be applicable.

**GENERAL:**

Applicable to United Express service.



**APPLICATION :**

Off-line Distribution Fees. Travel entirely on the other Party's service. Applicable if one way travel is issued under the airline code of one Party and service is provided entirely by the other Party or round trip service is issued under the airline code of one Party and service is provided entirely by the other Party or round trip service is issued under the code of one Party and transportation in one direction is provided entirely by the other Party.

**FARE TYPES:**

**First Class**, Connoisseur/Business Class, Normal/Restricted Economy Class and Special fares.

Note: Special fares are any fare type other than First Class, Business Class, Normal/Restricted Economy, Visit USA (both flat rate and point to point), Round-The-World, Military, Travel Industry/Reduced Rates and Seaman Discount Fares.

**MARKETS:**

All markets in which both United and Lufthansa code share over agreed segments.

**TICKETS:**

UA & LH only.

PASSENGER REVENUE  
SHARING AGREEMENT  
United Contract No. 119938

**ATTACHMENT a**  
Page 2

**PRORATION:**

In those instances where a flight of one Party is sold and ticketed under the code of the other Party, the operating Party will receive the Passenger Fare (as defined in the Alliance Agreement, dated October 4, 1993, between the Parties) minus the following off-line distribution fee.

<u>Point of Sale</u>	<u>Normal Fares</u>	<u>Special Fares</u>
U.S.A.	██████	██████
Germany	██████	██████
Other	██████	██████

Note: If a round-trip ticket is issued under the airline code of **one** Party and transportation in one direction is provided entirely by the other Party as Operating Carrier (on one or more flights), then such other Party shall be entitled to receive the Passenger Fare for that **origin-destination** less the Off-Line Distribution Fee. The Passenger **Fare** for the other origin-destination shall be apportioned pursuant to the terms of the relevant Attachments.

**COMMISSION:**

Interline Service Charge shall not be applicable.

**GENERAL:**

Applicable to United Express **service**.

All **rates charged** will be reviewed every 12 months. Either carrier may also request a review and renegotiation at any time upon 30 days notice and either **party** may request specific rates for any country beyond **the** U.S. or **Germany**. Rates in effect at the time of **any** such **request** will remain in effect until new rates are **agreed** or the twelve month period ends, whichever occurs first.

PASSENGER REVENUE  
SHARING AGREEMENT  
United Contract No. 119938

**ATTACHMENT H**

**APPLICATION:**

Economy Block Seats on Lufthansa's London-Germany Feeder Service using the UA code designator.

**FARE TYPES:**

Normal/Restricted Economy Class and Special fares.

Note: Special fares are any fare type other than First Class, Business **Class**, Normal/Restricted Economy, Visit USA (both flat rate and point to point), Round-The-World, Military, Travel Industry/Reduced Rates and Seaman Discount **Fares**.

**MARKETS:**

<b><u>MARKETS</u></b>	<b><u>BLOCK SEATS</u></b>
<b>FRA-LON</b> and vice versa.	<b>35</b> per day each way.
<b>BER-LON</b> and vice versa.	25 per day each way.
<b>MUC-LON</b> and vice versa:	<b>30</b> per <b>day each</b> way.
<b>HAM-LON</b> and vice versa.	25 per day each way.

**TICKETS:**

UA only.

**PRORATION:**

**[REDACTED]** net one way per block seat. UA shall be obligated to pay **LH** for all **the** block seats listed above at the agreed net **prorate** of **[REDACTED]** per seat regardless whether the seats **are** sold, **Proration** for seats sold in excess of the minimum block **will be** settled according to the terms of the **MPA** (*Multilateral proration Agreement-Passenger*).

**COMMISSION:**

Interline **Service** Charge shall not be applicable.

**GENERAL:**

Economy seats on **LH** feeder service shall be booked in **M** class.

PASSENGER REVENUE  
SHARING AGREEMENT  
United Contract No. 119938  
**ATTACHMENT I**

**MISCELLANEOUS ADMINISTRATION PROVISION**

- 1) The Alliance Agreement takes precedence **over** this revenue sharing agreement in the event of any contradiction between the two documents.
- 2) It is the intent of both **parties** of this agreement to comply with all conditions of the tariffs concerned. However, it is recognized that ticketing/booking errors may occur. In such cases the parties agree to prorate such tickets in accordance with the relevant Attachment to this agreement without dispute.
- 3) In consideration of entering into the Alliance Agreement as it relates to London (Heathrow) and **Germany**, Lufthansa **agrees** to pay United, beginning with the month in which United begins code sharing on **flights between London** (Heathrow) and German cities, **[REDACTED]** per each full calendar month for each city **operating between London** (Heathrow) and German cities as to which **LH/UA code** sharing is in effect, up to a maximum of **[REDACTED]** per full calendar month. Lufthansa **agrees to make such monthly** payments so long as (and to the extent that) the contractual provisions of and the operational arrangements contemplated by the Alliance Agreement (including its attachments and related agreements) relating to the aforementioned London **(Heathrow)/Germany** services remain in effect.
- 4) In the **event** a fare basis code mentioned in this agreement e.g. **(FUA, CUA, YUA, F, C, D, CLHFUP, CLHFWPR, DLHFUP and DLHFUPR)** should change for any reason, both parties **agree to confer** and assign the appropriate fare **basis** code to the appropriate service in lieu of the original fare basis code.

REDACTED COPY

October 4, 1993

Mr. John C. Pope  
President and Chief Operating Officer  
United Air Lines, Inc.  
P.O. Box 66100  
Chicago, Illinois 60666

Dear Jack:

This letter is intended to record and confirm the agreement **reached between** Lufthansa and United concerning the rate for calculating **payments** between them for accrual and **redemption** of mileage in their respective frequent **flyer** programs. **Pursuant to the Alliance Agreement** between Lufthansa and United, **dated today, the two parties will participate** reciprocally in **United's MileagePlus** program and Lufthansa's **Miles & More** program. **Prior to January 1, 1994, MileagePlus** frequent flyer miles **may be accrued on United flights, UA/LH code shared flights, and Lufthansa flights originating in the United States, and Miles & More miles may be accrued on Lufthansa flights and UA/LH code shared flights.** **Prior to January 1, 1994, MileagePlus** frequent flyer miles **may be redeemed only on United flights and Lufthansa flights originating in the United States, and Miles & More miles may be redeemed only on Lufthansa flights.** **After January 1, 1994, MileagePlus miles and Miles & More miles may be accrued and redeemed on any United or Lufthansa flight.** **As part of this arrangement, the parties have agreed that a party should receive compensation for (i) mileage accrued in its program for transportation on flights operated by the other party and (ii) mileage redeemed from the other party's program for transportation provided on flights operated by the party.**

**The parties have established [REDACTED] per mile as the rate to be applied for calculating compensation for accrued and redeemed mileage under the Alliance Agreement arrangement described above. This rate shall become effective as of the date the parties begin code sharing under the Alliance Agreement, but in no event later than January 1, 1994. The amounts due will be calculated monthly. Obligations of the parties under this arrangement will be subject to setoff, so that only a single net payment will be due from one party to the other each month.**

Either party may request that the parties jointly consider changing the compensation rate at any time, but the [REDACTED] rate shall remain in effect until the parties agree to modify it.

If you agree that this letter accurately states the understanding reached between us concerning the rate for frequent flyer mileage compensation, please countersign the extra enclosed copy of this letter in the space provided and return it to me.

Best regards.

Sincerely,

**DEUTSCHE** LUFTHANSA AG

By: \_\_\_\_\_  
Frederick W. Reid  
Senior Vice President - Americas

Understood and Agreed:

UNITED AIR LINES, INC.

By: \_\_\_\_\_  
Name:  
  
Title:  
  
Date:

- 2 -

either party may request that the parties jointly consider changing the compensation rate at any time, but the rate shall remain in effect until the parties agree to modify it.

If you agree that this letter accurately states the understanding reached between us concerning the rate for frequent flyer mileage compensation, please countersign the extra enclosed copy of this letter in the space provided and return it to me.

Best regards.

Sincerely,

DEUTSCHE LUFTHANSA AG

By: 

Frederick W. Reid  
Senior Vice President - The Americas

Understood and Agreed:

UNITED AIR LINES, INC.

By: 

Name:

Title:

Date:

REDACTED COPY

October 4, 1993

Mr. John C. Pope  
President and Chief Operating Officer  
United Air Lines, Inc.  
P.O. Box 66100  
Chicago, Illinois 60666

Dear Jack:

As we have discussed, the **alliance between Lufthansa and United will draw strength from a solid, reciprocal cross-participation relationship between the parties' respective frequent flyer programs.** This element of **the alliance** will be a prominent part of our joint **market presence.** To the extent that our frequent flyer link **can emphasize the special relationship between the two carriers,** it will reinforce to the travelling public the service benefits **that the alliance** make8 possible.

We believe **that** the effectiveness of *our frequent flyer arrangement* **as a** marketing tool will **be** enhanced if we minimize the number of other airlines with **whom Lufthansa and United maintain frequent flyer participation relationships.** Lufthansa is therefore **considering termination of its existing relationships with** [REDACTED] *We believe, however,* that the **marketing benefits of such a move will only outweigh its drawbacks if United also terminates its existing relationships with** [REDACTED]

**Only then will Lufthansa and United jointly send the marketplace a clear message that we are strongly committed to working together as closely as possible in our alliance. Under these circumstances, you agree that if we terminate our existing relationships with** [REDACTED] **agree not to enter into new relationships with** [REDACTED] **you, in turn, will terminate all existing relationships with** [REDACTED]



- 2 -

Best regards.

Sincerely,

DEUTSCHE LUFTHANSA **AG**

By: \_\_\_\_\_  
Frederick W. Reid  
Senior Vice President - Americas

ACCEPTED AND AGREED:

**UNITED** AIR LINES, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

2 -

Best regards.

Sincerely,

DEUTSCHE LUFTHANSA AG

By: 

Frederick W. Reid  
Senior Vice President - The Americas

ACCEPTED AND AGREED:

UNITED AIR LINES, INC.

By: 

Title: 

Date:

REDACTED COPY

October 4, 1993

Frederick W. Reid  
Deutsche Lufthansa AG  
Lufthansa Basis  
60546 Frankfurt

Dear Fred:

In connection with the Alliance Agreement, dated today, United and Lufthansa have agreed to use reasonable commercial efforts to facilitate commuter carriers (as defined in the Alliance Agreement), including such carriers utilizing the airline designator code of United, [REDACTED]

[REDACTED]. United has informed Lufthansa that existing contractual arrangements with commuter carriers utilizing United's airline designator code prohibit such commuter carriers from code sharing with other carriers. United would be willing to waive certain of these contractual rights, however, for a limited period of time, [REDACTED]

After the initial one year term of such an arrangement, United and Lufthansa will review the arrangement to determine if it has had a negative commercial impact on either party and will make such adjustments, if any, as necessary in order to avoid such a negative impact in the future. [REDACTED]

United understands, without limiting its rights under the foregoing, that code sharing by Lufthansa [REDACTED]

Sincerely,

  
UNITED AIR LINES, INC.  
Name:  
Title:

Understood, Acknowledged, and Agreed:  
DEUTSCHE LUFTHANSA AG

By:

  
Name: Frederick W. Reid  
Title: Senior Vice President - The Americas  
Date: September 30, 1993

**UNITED/LUFTHANSA TRANSATLANTIC NETWORK**

Atlanta - **Frankfurt**

Boston - Frankfurt

Chicago - Frankfurt

Chicago - Munich

Houston - **Dallas/Ft. Worth** - Frankfurt

John F. Kennedy - Dusseldorf

John F. Kennedy - Frankfurt

Los Angeles - Frankfurt

Miami - Frankfurt

Newark - **Frankfurt**

San Francisco - Frankfurt

Washington - **Frankfurt**

**UNITED/LUFTHANSA CODE-SHARE SERVICES  
BEYOND FRANKFURT**

Abu Dhabi, U.A.E.  
Almaty, Kazakhstan  
**Asmara**, Eritrea  
Berlin, Germany  
Bremen, Germany  
Budapest, Hungary  
Cairo, Egypt  
Cologne, Germany  
Copenhagen, Denmark  
Dresden, Germany  
Dusseldorf, Germany  
Geneva, Switzerland  
Gothenburg, Sweden  
Graz, Austria  
Hamburg, Germany  
Hanover, Germany  
Helsinki, Finland  
Kiev, Ukraine  
Kuwait  
Leipzig, Germany  
Malta  
Munich, Germany  
Nuremberg , Germany  
Oslo, Norway  
Stockholm, Sweden  
Stuttgart, Germany  
Tallinn, Estonia  
Tashkent, Uzbekistan  
Vienna, Austria  
Vilnius, Lithuania

# **Lufthansa Code-Share Service Beyond United's U.S. Hubs**

## **Beyond Chicago**

Boise	Cedar Rapids
Charlotte	Cincinnati
Cleveland	Colorado Springs
Columbus	Dayton
Denver	Des Moines
Detroit	Grand Rapids
Honolulu	Houston
Indianapolis	Kansas City
Las Vegas	Los Angeles
Madison	Milwaukee
Minneapolis	New Orleans
Omaha	Ontario
Orange County	Oshkosh
Phoenix	Pittsburgh
Portland	Raleigh-Durham
Rochester	Sacramento
St. Louis	Salt Lake City
San Diego	San Jose
Seattle	Wichita

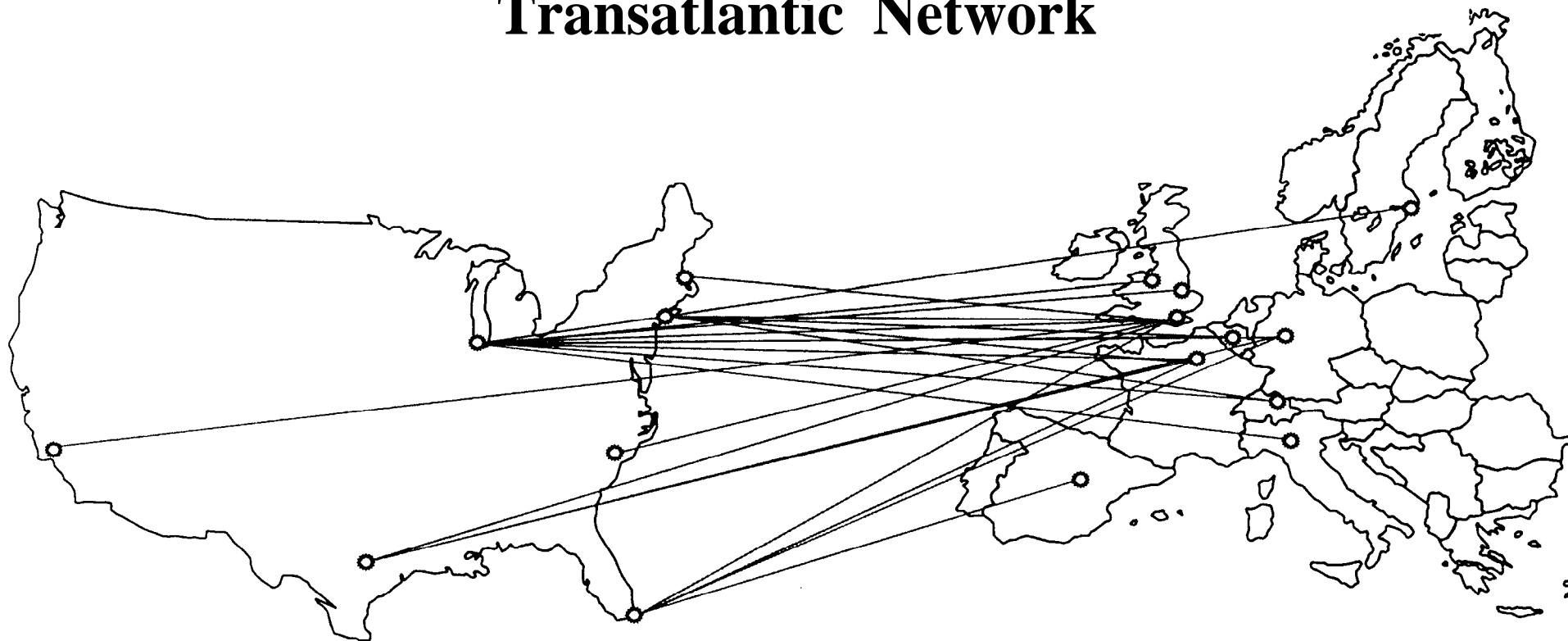
## **Beyond Washington**

Dallas-Ft. Worth  
Denver  
Hartford  
Mexico City  
New Orleans  
Orlando  
Philadelphia  
Phoenix  
Seattle  
Tampa

## **Beyond San Francisco**

Honolulu  
Kahului  
Las Vegas  
Los Angeles  
Portland  
San Diego  
Seattle

# American Airlines Transatlantic Network



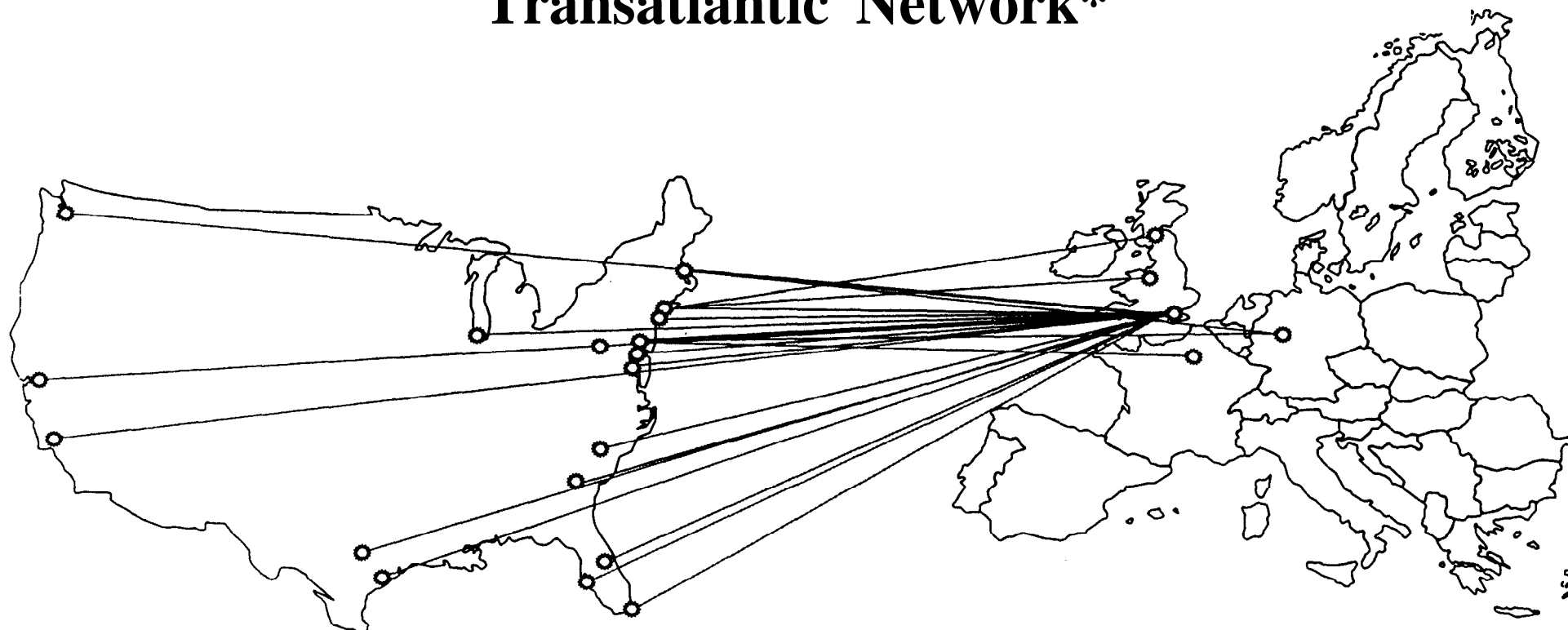
## *U.S. Gateways*

Boston	Chicago	Dallas-Ft. Worth
Los Angeles	Miami	New York
Raleigh-Durham		

## *European Gateways*

Birmingham	Brussels	Frankfurt
London	Madrid	Manchester
Milan	Paris	Stockholm
Zurich		

# USAir/British Airways Transatlantic Network\*



## U.S. Gateways

Atlanta	Baltimore	Boston
Charlotte	Chicago	Dallas-Ft. Worth
Houston	Los Angeles	Miami
New York	Newark	Orlando
Philadelphia	Pittsburgh	San Francisco
Seattle	Tampa	Washington DC

## European Gateways

Frankfurt	Glasgow	London
Manchester	Paris	

• Includes US and BA non-stop flights



# British Airways Network Beyond London

Abu Dhabi  
Accra  
Amman  
Amsterdam  
Athens  
Bahrain  
Barcelona  
Basel  
Beirut  
Berlin  
Bilbao  
Bologna  
Bordeaux  
Brussels  
Budapest  
Cairo  
Cape Town  
Cologne  
Copenhagen  
Damascus  
Dhahran  
Dhaka  
Dubai  
Dusseldorf  
Faro



Naples  
New Delhi  
Nice  
Oslo  
Paris  
Pisa  
**Porto**  
Prague  
Rome  
Riyadh  
Seychelles  
Sofia  
St. Petersburg  
Stavanger  
Stockholm  
stuttgart  
Tel Aviv  
Thessalonik  
Toulouse  
Turin  
Venice  
Verona  
Vienna  
Warsaw  
Zurich

Frankfurt  
Helsinki  
Lamaca  
Malaga

Geneva  
Islarnabad  
Leipzig  
Mauritius

Genoa  
Istanbul  
Lisbon  
Milan

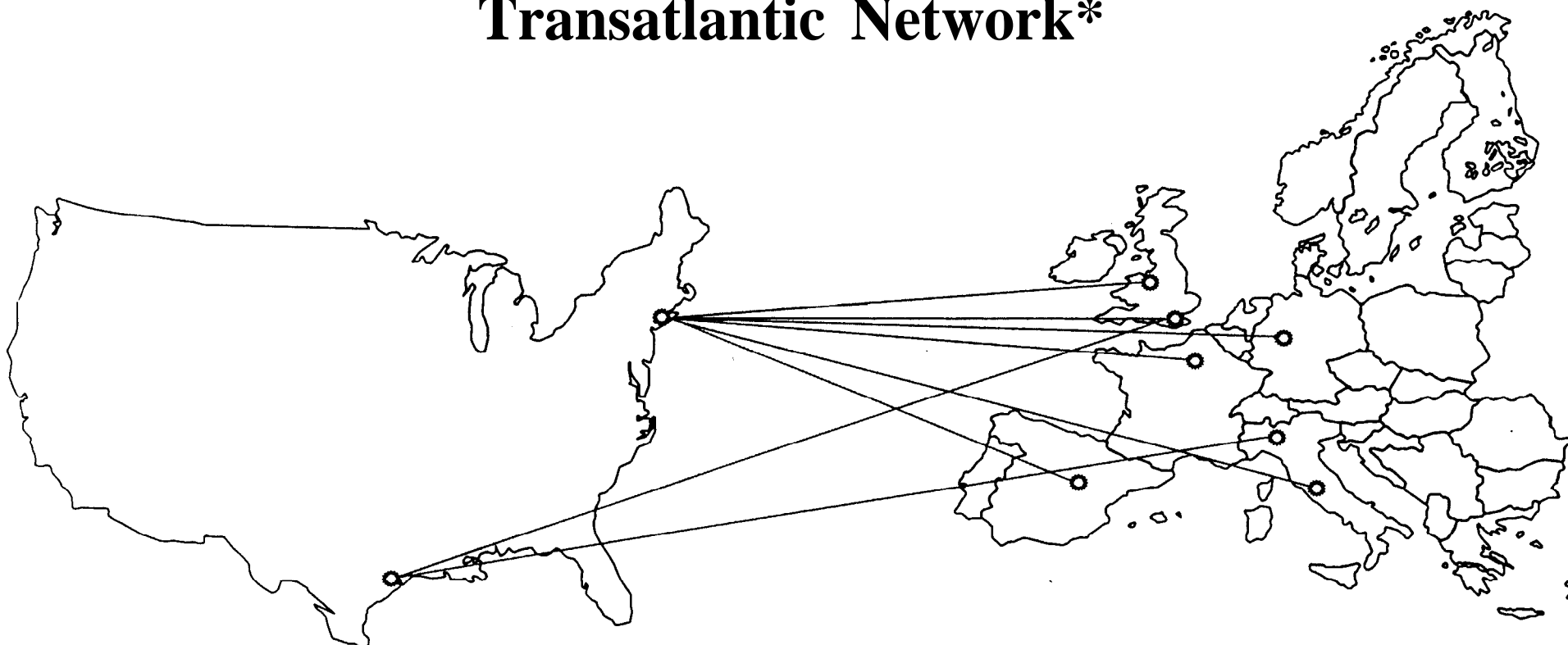
Gothenburg  
Jeddah  
Lusaka  
Monpellier

Hamburg  
Johannesburg  
Luxemburg  
Moscow

Hanover  
Kuwait  
Lyon  
Munich

**Harare**  
Lagos  
Madrid  
Nairobi

# Continental/Alitalia Transatlantic Network\*



## *U.S. Gateways*

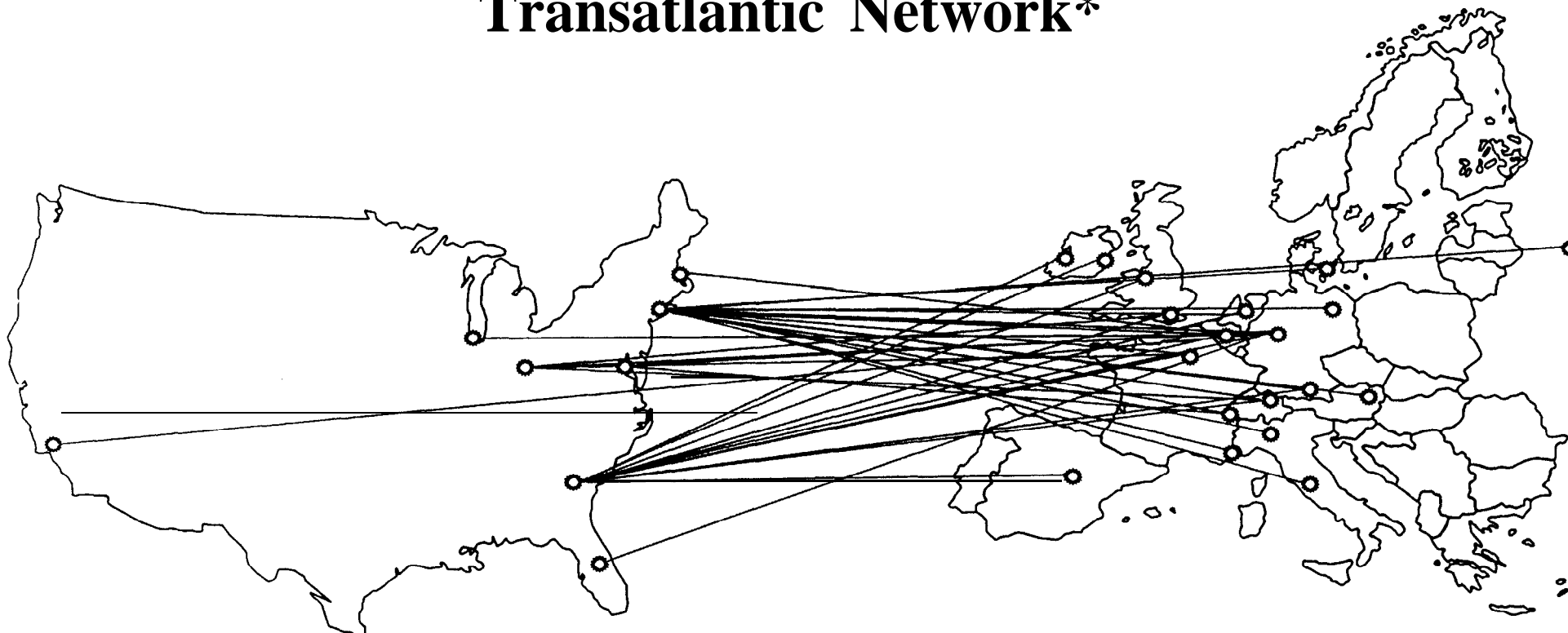
Houston          Newark

## *European Gateways*

Frankfurt	London	Madrid
Manchester	Milan	Paris
Rome		

\* Includes CO and CO\* flights. Does not include Continental's code-share partner: CSA.

# Delta/Swissair/Austrian/Sabena Transatlantic Network\*



## U.S. Gateways

Atlanta	Boston	Chicago
Cincinnati	Los Angeles	New York
Orlando	Washington DC	

## European Gateways

Amsterdam	Berlin	Brussels
Copenhagen	Dublin	Frankfurt
Geneva	London	Madrid
Manchester	Milan	Moscow
Munich	Nice	Paris
Rome	Shannon	Vienna
Zurich		

\* Includes DL and DL\* flights. Does not include Delta's code-share partners: Malev, Virgin Atlantic, TAP, Finnair and Aer Lingus.

# Delta/Swissair/Austrian/Sabena Network Beyond Amsterdam, Brussels, Frankfurt, Vienna and Zurich\*

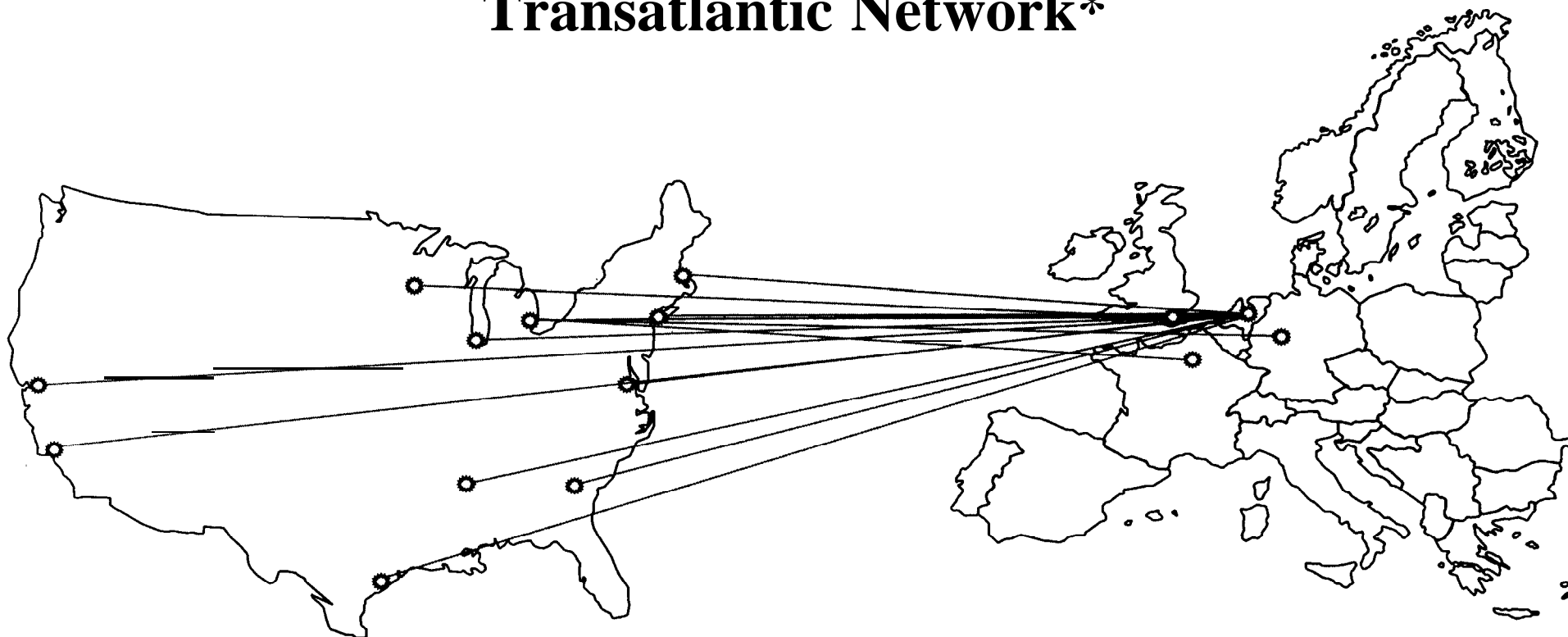
Athens  
Berlin  
Bombay  
Bucharest  
Budapest  
Dusseldorf  
Frankfurt  
Hamburg  
Hannover  
Istanbul

Kiev  
Moscow  
Munich  
Odessa  
Prague  
St. Petersburg  
Stuttgart  
Vienna  
Warsaw  
Zurich



\* Includes DL and DL\* flights. Does not include Delta's code-share partners: Malev, Virgin Atlantic, I'AP, Finnair and Aer Lingus.

## Northwest/KLM Transatlantic Network\*



### *U.S. Gateways*

Atlanta	Boston	Chicago
Detroit	Houston	Los Angeles
Memphis	Minneapolis	New York
San Francisco	Washington DC	

### *European Gateways*

Amsterdam	Frankfurt	London
Paris		

\* Includes NW and NW\* flights

# Northwest/KLM Network Beyond Amsterdam\*

Abu Dhabi

Accra

Almaty

Antwerp

Bahrain

Basel

Berlin

Bremen

Brussels

Budapest

Cairo

Copenhagen

Dhaka

Dubai

Dusseldorf

Eindhoven

Geneva

Gothenburg



Hamburg

Hannover

**Harare**

Helsinki

Kiev

Kuwait

Luxembourg

Muscat

Moscow

Munich

Nuremberg

Oslo

St. Petersburg

Stavanger

Stockholm

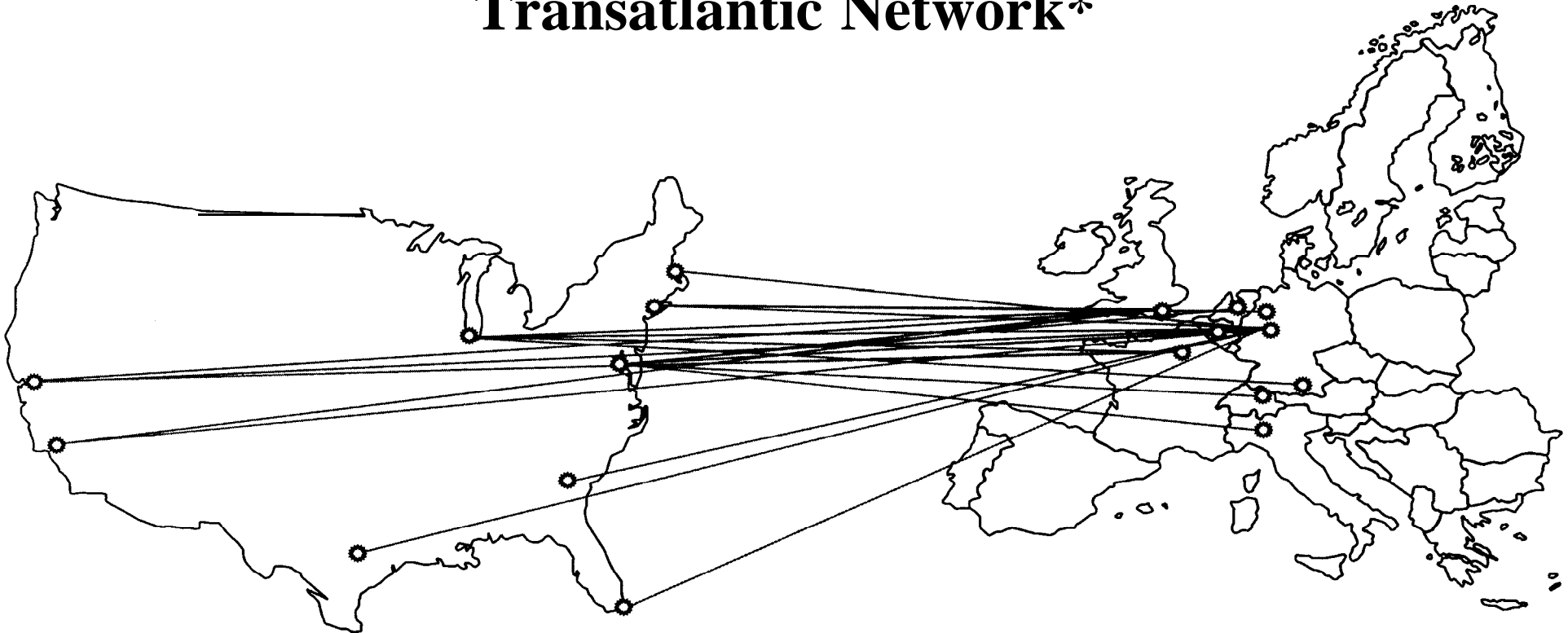
Stuttgart

Vienna

Zurich

\* Includes NW\* flights.

# United/Lufthansa Transatlantic Network\*



## **U.S. Gateways**

Atlanta	Boston	Chicago
Dallas-Ft. Worth	Los Angeles	Miami
Minneapolis	New York/Newark	
San Francisco	Washington DC	

## **European Gateways**

Amsterdam	Brussels	Dusseldorf
Frankfurt	London	Milan
Munich	Paris	Zurich

\* Includes UA and UA\* flights

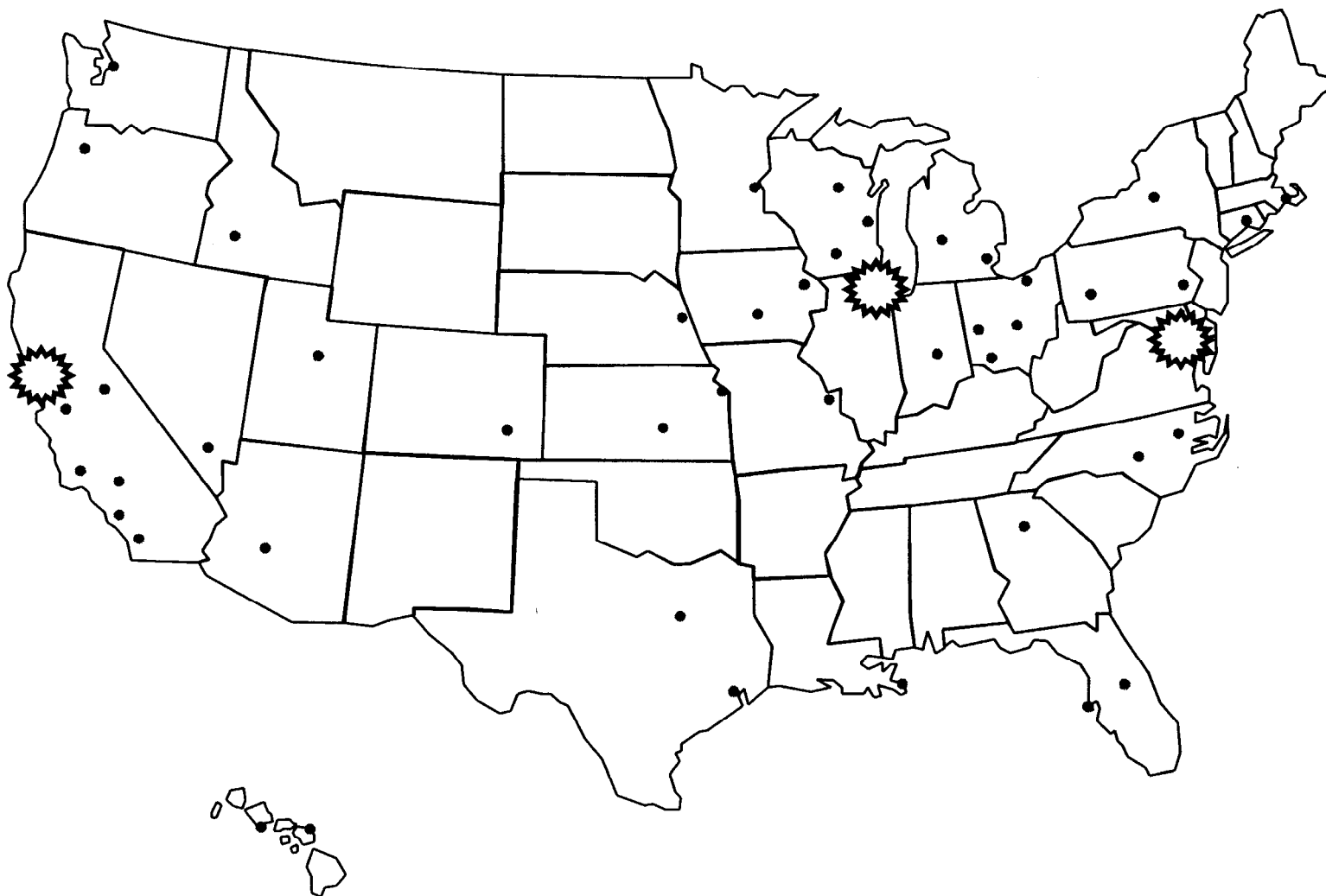
# United/Lufthansa Network Beyond Frankfurt and London\*



\* Includes UA and UA\* flights.



## Lufthansa Code-Share Service Beyond United's U.S. Hubs



# **Lufthansa Code-Share Service Beyond United's U.S. Hubs**

## **Beyond Chicago**

Boise	Cedar Rapids
Charlotte	Cincinnati
Cleveland	Colorado Springs
Columbus	Dayton
Denver	Des Moines
Detroit	Grand Rapids
Honolulu	Houston
Indianapolis	Kansas City
Las Vegas	Los Angeles
Madison	Milwaukee
Minneapolis	New Orleans
Omaha	Ontario
Orange County	Oshkosh
Phoenix	Pittsburgh
Portland	Raleigh-Durham
Rochester	Sacramento
St. Louis	Salt Lake City
San Diego	San Jose
Seattle	Wichita

## **Beyond Washington**

Dallas-Ft. Worth  
Denver  
Hartford  
Mexico City  
New Orleans  
Orlando  
Philadelphia  
Phoenix  
Seattle  
Tampa

## **Beyond San Francisco**

Honolulu  
Kahului  
Las Vegas  
Los Angeles  
Portland  
San Diego  
Seattle

**U.S.-EUROPE MARKET CONCENTRATION**  
**Before and After Alliance**

<b><u>Operating Carrier</u></b>	<b><u>Departure Share Before</u></b>	<b><u>HHI Score Before</u></b>	<b><u>Departure Share After</u></b>	<b><u>HHI Score After</u></b>
American Airlines	14.58	212.5764	14.58	212.5764
British Airways	13.68	187.1424	13.68	187.1424
Delta Air Lines	12.08	145.9264	12.08	145.9264
United Airlines	8.12	65.9344	0.00% <sup>1/</sup>	0.00
Lufthansa German Airlines	<b>5.97</b>	35.6409	14.09	198.53
Air France	4.51	20.3401	4.51	20.3401
Trans World Airlines	4.10	16.81	4.10	16.81
KLM-Royal Dutch Airlines	3.75	14.0625	3.75	14.0625
Northwest Airlines	3.68	13.5424	3.68	13.5424
Virgin Atlantic Airways	3.13	9.7969	3.13	9.7969
<b>Swissair</b>	2.71	7.3441	2.71	7.3441
Continental Airlines	2.43	5.9049	2.43	5.9049
Alitalia	2.36	5.5696	2.36	5.5696
Scandinavian Airlines System	2.15	4.6225	2.15	4.6225
Aeroflot Russian International Airlines	1.46	2.1316	1.46	2.1316
<b>USAir</b>	1.46	2.1316	1.46	2.1316
Aer Lingus	1.25	1.5625	1.25	1.5625
Sabena Belgian Airlines	1.25	1.5625	1.25	1.5625
Icelandair	1.11	1.2321	1.11	1.2321

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<sup>1/</sup> United and Lufthansa combined below.

NOTE: Based on schedules published in the OAG for the week of February 1. Services on which a carrier displays its code are not included.

<u>Operating Carrier</u>	<u>Departure Share Before</u>	<u>HHI Score Seats</u>	<u>Departure Share After</u>	<u>HHI Score After</u>
Iberia	.97	.9409	.97	.9409
LOT Polish Airlines	.83	.6889	.83	.6889
Martinair Holland	.76	.5776	.76	.5776
<b>Finnair</b>	.56	.3136	.56	.3136
LTU International Airways	.56	.3136	.56	.3136
Air New Zealand	.56	.3136	.56	.3136
Air India	.49	.2401	.49	.2401
Austrian Airlines	.49	.2401	.49	.2401
Pakistan International Airlines	.49	.2401	.49	.2401
Royal Jordanian	.49	.2401	.49	.2401
Singapore Airlines	.49	.2401	.49	.2401
Kuwait Airways	.42	.1764	.42	.1764
Malev-Hungarian Airlines	.35	.1225	.35	.1225
Olympic Airways	.35	.1225	.35	.1225
Tap Air Portugal	.35	.1225	.35	.1225
Air Europa	.35	.1225	.35	.1225
Tower Air	.21	.0441	.21	.0441
El Al Israel Airlines	.21	.0441	.21	.0441
<b>Lauda Air</b>	.21	.0441	.21	.0441
TAROM <b>Romanian</b> Air Transport	.21	.0441	.21	.0441
Air Ukraine	.21	.0441	.21	.0441
Krasnoyarsk Airlines	.21	.0441	.21	.0441
AOM French Airlines	.14	.0196	.14	.0196
Balkan Bulgarian Airlines	.14	.0196	.14	.0196
Czech Airlines	.14	.0196	.14	.0196
Uzbekistan Airways	.07	.0049	.07	.0049
TOTAL	100.00	759.18	100.00	856.1347

<b><u>Operating Carrier</u></b>	<b><u>Seat Share Before</u></b>	<b><u>HHI Score Before</u></b>	<b><u>Seat Share After</u></b>	<b><u>HHI Score After</u></b>
American Airlines	11.41	130.1881	11.41	130.1881
British Airways	15.88	252.1744	15.88	252.1744
Delta Air Lines	11.70	136.89	11.70	136.89
United Airlines	7.46	55.6516	0.00% <sup>2/</sup>	0.00
Lufthansa German Airlines	6.32	39.9424	13.78	186.89
Air France	4.38	19.1844	4.38	19.1844
Trans World Airlines	3.42	11.6964	3.42	11.6964
KLM-Royal Dutch Airlines	4.04	16.3216	4.04	16.3216
Northwest Airlines	4.07	16.5649	4.07	16.5649
Virgin Atlantic Airways	4.29	18.4041	4.29	18.4041
<b>Swissair</b>	3.52	12.3904	3.52	12.3904
Continental Airlines	2.02	4.0804	2.02	4.0804
Alitalia	2.73	7.4529	2.73	7.4529
Scandinavian Airlines System	1.90	3.61	1.90	3.61
Aeroflot Russian International Airlines	1.10	1.21	1.10	1.21
<b>USAir</b>	1.18	1.3924	1.18	1.3924
Aer Lingus	1.56	2.4336	1.56	2.4336
Sabena Belgian Airlines	1.64	2.6896	1.64	2.6896
Icelandair	.78	.6084	.78	.6084
Iberia	1.20	1.44	1.20	1.44
LOT Polish Airlines	.66	.4356	.66	.4356
Martinair Holland	.60	.36	.60	.36

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<sup>2/</sup>**United** and Lufthansa combined below.

<u>Operating Carrier</u>	<u>Seat Share Before</u>	<u>HHI Score Seats</u>	<u>Seat Share After</u>	<u>HHI Score After</u>
<b>Finnair</b>	.53	.2809	.53	.2809
<b>LTU</b> International Airways	.53	.2809	.53	.2809
Air New Zealand	.88	.7744	.88	.7744
Air India	.73	.5329	.73	.5329
Austrian Airlines	.44	.1936	.44	.1936
Pakistan International Airlines	.54	.2916	.54	.2916
Royal Jordanian	.49	.2401	.49	.2401
Singapore Airlines	.76	.5776	.76	.5776
Kuwait Airways	.36	.1296	.36	.1296
Malev-Hungarian Airlines	.26	.0676	.26	.0676
Olympic Airways	.52	.2704	.52	.2704
Tap Air Portugal	.26	.0676	.26	.0676
Air Europa	.24	.0576	.24	.0576
Tower Air	.37	.1369	.37	.1369
El Al Israel Airlines	.19	.0361	.19	.0361
<b>Lauda</b> Air	.15	.0225	.15	.0225
TAROM <b>Romanian</b> Air Transport	.14	.0196	.14	.0196
Air Ukraine	.15	.0225	.15	.0225
Krasnoyarsk Airlines	.22	.0484	.22	.0484
AOM French Airlines	.15	.0225	.15	.0225
Balkan Bulgarian Airlines	.10	.01	.10	.01
Czech Airlines	.10	.01	.10	.01
Uzbekistan Airways	.06	.0036	.06	.0036
<b>TOTAL</b>	100.00	739.22	100.00	833.516

**FOURTEEN CARRIERS OFFER SERVICE BETWEEN  
CHICAGO AND FRANKFURT**

**Chicago-Frankfurt**

<u>Carrier</u>	<u>Flight Number</u>	<u>Stops</u>	<u>Equipment</u>	<u>Frequency</u>
<u>United/Lufthansa Nonstop Service</u>				
United	940	0	777	Daily
Lufthansa	431	0	747	Daily
<u>Other Carrier Nonstop Service</u>				
American	84	0	763	Daily
<u>One-Stop Service</u>				
Air Canada	814/872	1	D9S/767	X6
Alitalia	6391400	1	MIM/M80	x3,7
British Airways	296/904	1	7471767	Daily
Continental	1020/50	1	733/D10	X6,7
Delta	6282	1	M80/M11	Daily
KLM	6121239	1	74M/100	Daily
Northwest	1450/52	1	D95/D10	Daily
Sabena	540/411	1	D10/737	x1,2
SAS	942/631	1	763/M80	X2,6
Trans World	8041740	1	72S/767	Daily
USAir	1495/894	1	7371767	Daily

Note: Carriers shown have service at least five days a week and connection is made within four hours at intermediate point.

Source: OAG, February 1996

**EXHIBIT JA-8****TEN CARRIERS OFFER ON-LINE SERVICE BETWEEN  
WASHINGTON D.C. AND FRANKFURT****Washington DC ("IAD")-Frankfurt**

<u>Carrier</u>	<u>Flight Number</u>	<u>Stops</u>	<u>Equipment</u>	<u>Frequency</u>
<u>United/Lufthansa Nonstop Service</u>				
United	916	0	777	Daily
Lufthansa	419	0	747	Daily
<u>Other Carrier Nonstop Service</u>				
Delta	60	0	L15	X1,4 <sup>1/</sup>
<u>One-Stop Service</u>				
Air Canada	3841872	1	CRJ/767	Daily
Air France	023/1404	1	340/735	Daily
British Airways	216/906	1	7471737	Daily
Continental	4028	1	M80/D10	Daily
KLM	80361239	1	D10/737	Daily
Trans World	700/740	1	7271767	Daily
USAir	2804	1	737/767	X6

Note: Carriers shown have service at least five days a week and connection is made within four hours at intermediate point. Additional flights are available from BWI International Airport and National Airport,

Source: OAG, February 1996

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<sup>1/</sup> Delta flight 60 will operate daily starting March 29.